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Japan

Japan: Hashimoto, Clinton To Hold Talks Before Lyons Summit

OW1106143196 Tokyo YOMIURI SHIMBUN in Japanese 11 Jun 96 Morning Edition p 2

[FBIS Translated Text] It was decided 10 June that talks between Prime Minister Hashimoto and U.S. President Clinton will be held just before the (Lyons Summit) of industrial nations, which starts in Lyons, France, on 27 June. The issues of providing aid to Russia after the Russian presidential election and promoting peace in the Middle East following the change of the Israeli premiership are expected to be on the main agenda of the Japan-U.S. summit talks, a senior Foreign Ministry official disclosed.

Since it is possible that democratization and economic reform will become deadlocked if President Yeltsin is not reelected, the leaders of Japan and the United States will exchange views on the framework of their aid to Russia. On the Middle East issue, the two leaders will discuss anew their involvement in the peace process after evaluating the policies of the new Israeli Prime Minister Netanyahu, who advocates reviewing the peace process.

In addition, issues such as food aid to North Korea, China's nuclear test, and rehabilitation of the former Yugoslavia will be discussed.

As for Japan-U.S. relations, the senior official said that such economic issues as extending the Japan-U.S. semiconductor accord and security issues, including a review of the "guideline for Japan-U.S. defense cooperation," will not be focal points of the talks.

Japan: Hashimoto, Clinton 'Probably Not' To Discuss Film Issue

OW1106235096 Tokyo KYODO in English 2315 GMT 11 Jun 96

[FBIS Transcribed Text] Washington, June 11 KYODO — Japanese and U.S. leaders will probably not discuss the bilateral trade dispute over photographic film and paper during their anticipated talks later this month in France, a Japanese diplomatic source said Tuesday [11 June].

The meeting between Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton will be held before the start of an annual three-day summit of the Group of Seven (G-7) major industrialized nations from June 27 in Lyons, France.

U.S. sources have said Washington is planning to file a case with the World Trade Organization (WTO) this week over the film issue against Japan, which has continued to refuse to hold negotiations outside the authority of the global trade body.

Filing with the WTO represents a turnaround from the United States position calling for bilateral talks. The U.S. conducted investigations last July into Japan's photo film and paper market under the Section 301 provision of the 1974 trade law.

The 301 probe came in line with a petition filed by Eastman Kodak Co. claiming that Japan's Fuji Photo Film Co. has shut out foreign products from the Japanese market through anticompetitive practices in collaboration with the Japanese Government.

The Japanese source said Tokyo has continued to reject government-level talks because it believes that Kodak has appealed to the U.S. Government for help without taking steps necessary to compete successfully in the Japanese market.

Japan: Hashimoto To Propose Mines at Lyons Summit

OW1006131096 Tokyo TOKYO SHIMBUN in Japanese 6 Jun 96 Morning Edition p 1

[FBIS Translated Text] A government source disclosed on 5 June a decision that at the meeting of leaders of the advanced nations (Lyons Summit) to be held in France from 27 June, Prime Minister Ryutaro Hashimoto will present proposals on antipersonnel mines — mainly on promoting mine disposal and strengthening international regulation. Antipersonnel mines take lives of civilians, and have proved to be a major obstacle in economic reconstruction after conflicts have ended.

For reasons based on Japan's defense needs, the government is not supporting a "comprehensive ban" (ban on production, storage, transfer and use of mines), which is favored by most Western nations. This policy runs counter to trends in the international community and may provoke criticism both inside and outside Japan.

Hashimoto's proposals will include: 1) strengthening the "UN Mine Disposal Trust Fund;" 2) promoting development of mine detection technology to locate mines buried in Cambodia and other areas of conflict; 3) strengthening controls on the production, storage, transfer and use of mines; and 4) expanding assistance for rehabilitation of mine victims. He hopes to obtain the support of the other summit leaders and have these proposals included in the chairman's statement to be issued by French President Jacques Chirac.

It is said that the total number of mines buried all over the world in such areas of conflict as Cambodia, Afghanistan, and the Middle East reaches around 110 million. These mines take the lives of around 800 civilians each month.

Arms management and disarmament is one of the major topics in the political discussions at the Lyon Summit. The mines issue is expected to be taken up in this context. Hashimoto wants to present his four proposals and participate actively in the discussions.

The problem is, Japan does not take the comprehensive ban on mines as the premise of its policy on mines.

According to a survey by nongovernmental organizations (NGO), so far, there are 43 nations in the world, led by the United States, Germany, Canada, and other Western countries, that support a comprehensive ban. U.S. President Bill Clinton stated on 16 May, 'We will make efforts to achieve an international consensus on a comprehensive ban on mines." A comprehensive ban is becoming the prevailing trend in the international community.

The reason Japan is going against the international trend and not supporting a comprehensive ban is that it regards mines as a necessary weapon for national defense.

A government source points out that "we need to have the option of laying mines along the coast in times of emergency." He emphasizes the need to strike a balance between "protecting civilians from being harmed by mines" and "using mines as a necessary weapon for defense."

Japan: Hashimoto To Meet Chirac Prior to G-7 Summit in Lyons

OW1206002296 Tokyo KYODO in English 2303 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime Minister Ryutaro Hashimoto will meet French President Jacques Chirac in Lyons on June 27 just before the start of an annual economic summit of the Group of Seven (G-7) major industrialized countries, according to government sources.

The sources close to Hashimoto said the two leaders will exchange views to ensure the Lyons summit's success and formally decide upon Chirac's visit to Tokyo this fall.

Hashimoto is also expected to confer with U.S. President Bill Clinton before the June 27-29 economic summit in the French City, the sources said.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States.

Japan: Policy on Emergency Support of U.S. Forces Analyzed

OW1106150096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jun 96 Morning Edition p 2

[FBIS Translated Text] Regarding a review of the "Japan-U.S. Defense Cooperation Guideline," the Defense Agency [DA] decided on a policy to classify emergency situations into three categories. With this, the DA wants to realize swift cooperation between Japan and the United States in a Korean peninsula crisis by elaborating steps of cooperation with U.S. Forces. At the same time, its decision aims at dodging criticism against "an expansion of the Japan-U.S. Security Treaty's range" through the review.

A point in the DA's review policy is that emergencies near Japan were divided into two types: conflicts that will likely cause an emergency in Japan and developments that are unlikely to affect Japan's security directly. This means that the line has been drawn clearly to differentiate Korean peninsula crises — in which the government's immediate action is needed to formulate countermeasures — from other emergencies in neighboring regions.

With a concept of "emergencies near Japan," defense cooperation with the United States will go beyond "the Far East region" stipulated in the existing guideline, making it possible for Japan to respond to cases like the Spratly Islands. In this regard, the review will certainly expand the security treaty's geographical coverage. Furthermore, this classification clearly indicates that Japan will not necessarily provide support — the same level of active support it will provide in the Korean peninsula crisis — to the U.S. Forces' operation in every emergency near Japan.

There is deep-rooted resistance to the expansion of the bilateral security treaty's range in the Social Democratic Party and some political quarters because the treaty's sixth clause stipulates that U.S. Forces are allowed to use bases in Japan only to respond to "Far East" emergencies. The main purpose of detailed emergency classification is to dodge such criticism.

In addition, some also think that this will strengthen the system to respond to a Korean peninsula crisis. The DA analyzes: If the DPRK military attempts a surprise attack on the ROK, it is highly likely that the DPRK will launch ballistic missiles or terrorist attacks against Japan. The DA judged that if that happens, it will be necessary for Japan to be "on alert defense status" — a posture the government must assume in case of direct attack on the nation. The DA has been studying strategies regarding direct attacks on Japan. By dividing emergencies into two types, the DA intends to apply the results of these studies in case a crisis takes place on the Korean peninsula.

Japan: Hashimoto Urges Debate on Asia-Pacific Security

OW1206074596 Tokyo KYODO in English 0650 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime minister Ryutaro Hashimoto called on the Japanese public Wednesday [12 June] for debate on how Japan should protect peace and stability in the nation and in the Asia-Pacific region.

The whole Japanese public should discuss what Japan can do to cooperate with the United States in case of conflicts and other emergencies around Japan within the framework of the war-renouncing constitution, Hashimoto said in a speech at a general conference of the Japan Newspapers and Editors Association.

During their April meeting in Tokyo, Hashimoto and U.S. President Bill Clinton agreed to step up the bilateral security alliance and study how to better cooperate for peace and stability in the Asia-Pacific region.

Hashimoto said Japan needs to reform its economic structure and straighten out the debt-strained national finances, and to do that international peace and stability are needed.

Turning to his visit June 22-23 to South Korea's Cheju Island to meet president Kim Yong-sam, which Tokyo announced earlier in the day, Hashimoto expressed a desire to see such meetings take place on a more regular and frequent basis.

"I would like to build up such relations as soon as possible with every country so that leaders can meet each other anytime," he said.

Japan: Court Approves Provisional Attachment of GI's Goods

OW0806143896 Naha OKINAWA TIMES in Japanese 8 Jun 96 Morning Edition p 31

[FBIS Translated Text] In response to a request for a provisional attachment filed by Mr. Taiyu Ebihara (43) and his wife — who lost their son in a car accident in the village of Kitanagusuku on 22 February caused by a U.S. serviceman — on movable personal property such as a car and household goods of the U.S. serviceman, the Okinawa branch of the Naha District Court (Chief Judge: Wataru Negishi) has decided as of 7 June to approve the request and notified those concerned of its decision. It is an extremely rare case that a U.S. serviceman's movable properties are attached in the wake of a traffic accident involving a U.S. serviceman.

Mr. and Mrs. Ebihara have filed a lawsuit against the U.S. serviceman, calling for compensation of approximately Y100 million [Yen] in total with provisional attachment amounting to Y3 million. Although they have applied for a provisional disposition of the U.S. serviceman's salary, the court is expected to make a decision after seeing how the Defense Department deals with the request.

In a petition, Mr. Ebihara said "in connection with the accident, the U.S. serviceman has not shown good faith at all, and he has just paid Y70,000." Pointing out that he does not have his own assets and is scheduled to be transferred to a base in the United States in October, Mr. Ebihara stressed it is necessary to take preservative measures, saying: "Even if we won the case, it would be impossible or very difficult to execute the court order." Mr. Ebihara said: "What I am doing proves to victims who were compelled to accept their misfortune that it can be done. I have obtained excellent results, not in winning damages, but in cutting off the U.S. forces' retreat."

Together with victims of U.S. forces-related accidents and their families in Okinawa, Mr. Ebihara has formed a "group of victims of accidents caused by U.S. servicemen and civilians." The group is calling on both the Japanese and the U.S. Governments to review the Japan-U.S. Status of Forces Agreement establish a fair reparation system.

Lawyer Ryutaro Nakakita, who represents Mr. Ebihara, said: "I want to highly rate the court decision as the first step toward pursuing individual responsibilities of U.S. servicemen, which have been dropped. From now on, we want to win a good decision in the principle suit and pursue the U.S. serviceman's responsibilities."

Japan: Marine Sentenced to Two Years for Traffic Deaths

OW1006035496 Tokyo KYODO in English 0304 GMT 10 Jun 96

[FBIS Transcribed Text] Naha, Japan, June 10 KYODO — A court in Japan's southernmost island prefecture of Okinawa sentenced a U.S. Marine on Monday [10 June] to two years in prison for the killing of a mother and her two daughters in a traffic accident in January.

Lori Padilla, 20, a lance corporal stationed at Futenma air base in Ginowan, Okinawa Prefecture, was given the sentence at the Naha District Court.

Padilla was found guilty of negligence for driving at more than 84 kilometers per hour at around 1 P.M. Jan.

7 when her car veered onto a sidewalk in the town of Chatan, north of the Okinawa capital of Naha.

Rojita Kinjo, 36, a Japanese citizen originally from the Philippines, and her daughters Mitsuko, 10, and Mariko, 1, were killed. They lived in the city of Ginowan.

Judge Keisuke Kamai said Padilla was guilty of "gross negligence by driving in an inherently dangerous manner."

The deaths further inflamed antibase sentiment in Okinawa, following last September's abduction and rape of a local primary schoolgirl for which three U.S. servicemen, later found guilty, were on trial at the time.

Okinawa Prefecture, despite making up less than 1 percent of the Japanese land area, holds 75 percent of the U.S. military bases and facilities in Japan.

The dead woman's family has brought a 62 million yen damages suit in a branch of the same court against Padilla and another U.S. servicewoman, who is the registered owner of the car she was driving.

That court will hand down its decision in relation to the car owner June 20.

Japan: Hashimoto Papers Urge Continued Okinawa Land Use by U.S.

OW1206011196 Tokyo KYODO in English 0059 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime Minister Ryutaro Hashimoto on Wednesday [12 June] signed papers urging Okinawa Prefecture to take steps to help ensure the continued use of a plot of land inside a U.S. military facility, government officials said.

Hashimoto is asking Okinawa Gov. Masahide Ota to take action on his government's behalf by June 21 to help renew a forced land rental contract for the plot inside the U.S. Navy's Sobe communications facility in Okinawa Prefecture, the officials said.

Officials from the Defense Facilities Administration agency will shortly deliver the proxy documents to the Okinawa Prefectural Government in Naha, they added.

Ota is studying the case carefully, sources said, adding that Prime Minister Hashimoto will advise the governor to comply with his request and order Ota to act on the case if he refuses to do so by the deadline.

If such arm twisting tactics fail, the Hashimoto government will be forced to take the case to court, the sources said.

The Sobe facility contains a 236-square-meter plot owned by Shoichi Chibana, who has refused to renew the lease to allow U.S. Forces to use his land. Chibana filed a lawsuit in April demanding access to and return of his land after the lease expired at the end of March. He later dropped the latter request to focus on the access case.

Although the forced lease has expired, the government continues to allow the U.S. military to occupy the land without any clear legal basis, saying Japan has an obligation to provide land to U.S. Forces under bilateral security arrangements.

The Supreme Court is expected to hear arguments July 10 over the case concerning the constitutionality of the forced lease of land for U.S. military bases in Japan.

Gov. Ota will consult with his top advisers Thursday [13 June] and later notify the central government of his decision not to comply, sources close to the governor said.

The sources said a majority of people whom the prefectural government has so far contacted advised Ota not to go along with the Hashimoto request.

Gov. Ota is scheduled to visit the United States from Friday to June 20 for talks with Defense Secretary William Perry and other U.S. Government officials.

Japan: Okinawa Assembly Panel Starts Base Cut Referendum Debates

OW1206044696 Tokyo KYODO in English 0425 GMT 12 Jun 96

[FBIS Transcribed Text] Naha, Japan, June 12 KYODO — The Okinawa Prefectural Assembly's ad-hoc committee on reducing U.S. military bases in the prefecture started discussions Wednesday [12 June] on the proposal to hold a referendum to reduce the bases.

The 11-member committee is expected to vote Friday on a bill for a special ordinance for the referendum, proposed by the Okinawa branch of the Japanese trade union confederation.

The bill will then be discussed and voted on at an extraordinary assembly session, likely to be convened on Friday next week.

As no strong opposition has been voiced against the proposal by assembly members, the bill is likely to pass both the committee and the assembly.

The proposed referendum is likely to be held in the summer as the first such popular vote open to all residents in a prefecture.

Masaaski Aguni, an aid to Okinawa Gov. Masahide Ota, said at the panel session that the plebiscite would be significant as it will be the first opportunity for Okinawa residents to voice their views on the base issue.

Rengo representatives submitted to Ota in May a petition backed by 34,500 signatures and the draft bill for the prefecture-wide vote.

Under the local autonomy law, one-50th of all voters in a local government must give signatures to pave the way for a referendum, more than 18,000 in the case of Okinawa, Japan's southernmost prefecture.

The proposed referendum would ask the Okinawan people whether they want to consolidate and reduce U.S. military bases in the island prefecture and whether they want a review of the U.S.-Japan Status-Of-Forces Agreement.

The agreement defines the Status of the U.S. military in Japan.

About 75 percent of all land used by the U.S. military in Japan is concentrated in Okinawa, although the island prefecture makes up only 0.6 percent of Japan's total land area.

Under an agreement reached in April between Japan and the United States, the U.S. military will vacate some 20 percent of the land it now occupies in Okinawa.

Japan: Ota Shows Doubtful Stance on MCAS Futenma Relocation

OW1206070096 Naha RYUKYU SHIMPO in Japanese 11 Jun 96 Morning Edition p 2

[FBIS Translated Text] Tokyo — Regarding the fact that the complete return of U.S. Marine Corps Air Station [MCAS] Futenma has been agreed on the condition that its functions be relocated to other parts in Okinawa, Okinawa Governor Masahide Ota said: "How can we find places for relocation in this little prefecture? Efforts should be made to grasp the actual situation surrounding the environmental problem, otherwise a very serious situation could arise. Okinawans will not approve of a situation in which many trees would be cut down after a million of trees were planted." In this way, he showed his negative view about the relocation of MCAS Futenma, referring to the environmental issue. He made those remarks at a news conference at the Okinawa Prefectural Government's Tokyo office the evening of 10 June after the committee on issues involving U.S. bases in Okinawa met.

However, Policy Coordinator Tatsuo Matayoshi gave further explanation, saying: "As the Special Action Committee on Okinawa (SACO) has not proposed a concrete plan, we cannot make a decision before actually locating proposed places on a map." As shown in his comment, the prefectural government has refrained from showing its final decision. Some central government officials have held the view that "it is time to settle the Okinawa base issue because the coalition administration has taken steps toward this." Referring to such a view, Ota showed a flexible attitude, saying: "We also think it is time for settlement, and we will cooperate with the central government when we can, and if we cannot, then we will say 'it is difficult for us to do so.'"

Regarding the issue of posting public notices by proxy in connection with the forced lease of land for military use, a lease which has not yet been renewed, the governor said: "We have not decided anything about this. Although I am well aware that the situation is very severe, I cannot make such an important decision at my own discretion." He reiterated his intention to make a final decision after consulting with concerned municipality chiefs, his supporters, and the prefectural assembly.

Ota gave certain scores to the progress in the central government's work regarding the base issue, saying: "We were concerned at first because we could not see the details of its handling. However, after we heard that the Defense Agency and the (Okinawa) Development Agency had formed working groups in preparation for the return of MCAS Futenma, we realized the central government's honest attitude," and "it is desirable for us to discuss this matter more frankly than before."

Japan: Hashimoto To Visit ROK, Meet With Kim 22-23 Jun

OW1206015296 Tokyo KYODO in English 0127 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime minister Ryutaro Hashimoto will visit South Korea on June 22-23 for talks with President Kim Yong-sam, government sources said Wednesday [12 June].

The sources said the Japan-South Korean summit meeting will be held June 23.

Hashimoto will visit South Korea before attending the June 27-29 Group of Seven (G-7) economic summit in Lyons, France.

Hashimoto's talks with Kim are expected to include issues concerning the co-hosting of the 2002 World Cup soccer finals and coordinating food aid policy for North Korea.

Hashimoto and Kim last met in Bangkok on March 2 when they were in the Thai capital to attend the first-ever Asia-Europe summit.

Hashimoto will be the first Japanese premier in two years to visit South Korea.

Japan: Ikeda To Accompany Hashimoto on South Korea Trip

OW1206110196 Tokyo KYODO in English 1028 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Foreign Minister Yukihiko Ikeda will accompany Prime Minister Ryutaro Hashimoto to South Korea later this month, a senior Foreign Ministry official said Wednesday [12 June].

The official, who asked to remain anonymous, said it is not yet known if the foreign minister will hold talks with his South Korean counterpart Kong No Myong.

Hashimoto will visit South Korea's Cheju Island from June 22 to 23 for a summit with South Korean President Kim Yong-sam.

The last Japanese premier to visit South Korea was Hashimoto's predecessor, Tomiichi Murayama, who met with Kim in Seoul in July 1994.

Japan Hopes for Better ROK Ties Through Hashimoto Talks

OW1206040796 Tokyo KYODO in English 0347 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime Minister Ryutaro Hashimoto and South Korean President Kim Yong-sam will meet June 22-23 on South Korea's Cheju Island to exchange opinions on bilateral, regional and international issues, a government spokesman announced Wednesday [12 June].

The two leaders will have dinner June 22 and hold summit talks the following day, Chief Cabinet Secretary Seiroku Kajiyama told a press conference. The precise schedule will be worked out by the two governments, he said.

The visit is timed to take place after the June 19 end of the Japanese parliament's current 150-day ordinary session and before Hashimoto's attendance at the June 27-29 Group of Seven (G-7) economic summit in Lyons, France, Kajiyama said.

Issues to be taken up by Hashimoto in his meeting with Kim include humanitarian aid to be extended to North Korea by Japan, South Korea and the United States, and South Korean fishermen's illegal operations in the Sea of Japan, Kajiyama said.

Japan will extend 6 million dollars in food aid to North Korea and South Korea 3 million dollars worth in response to a U.N. appeal for 43 million dollars in aid from the world community to stave off a food crisis in North Korea.

Other issues likely to be discussed by the two leaders include the co-hosting by Japan and South Korea of the 2002 World Cup soccer finals, analysts say.

They may also discuss a Japanese plan for a government-initiated private fund to pay compensation to some of the Korean and other Asian women forced into sexual slavery by the Japanese Imperial Army before and during World War II.

Kajiyama expressed hope that the visit at Seoul's invitation will help the two countries recognize anew the importance of the bilateral ties.

"If we do not make the bilateral relations future-oriented, ill feeling may prevail," Kajiyama said.

Bilateral ties were strained this spring over a territorial row over islets in the Sea of Japan, called Takeshima in Japan and Tokto in South Korea. The two countries have agreed to discuss the issue of fishing rights around the islets separately from the territorial dispute.

Hashimoto and Kim last met in Bangkok on March 2 when they were in the Thai capital to attend the first-ever Asia-Europe summit.

He will be the first Japanese premier in two years to visit South Korea.

Shortly after the announcement, Hashimoto told reporters in the Diet Building he wants to have frank discussions with Kim.

Asked if his visit bears significance at a time when aid to North Korea and World Cup co-hosting are in the news, Hashimoto turned back the question, saying, "Can't Japanese and South Korean leaders meet without such questions being asked and (everybody) getting rigid?"

"I want to get rid of such an aspect and so we have picked Cheju Island. I want to meet in a more frank way... with any leaders. European leaders are always meeting each other frankly. It is only in Japan that such an event gets so blown up out of proportion," he said.

Later in a speech at a meeting of media executives, the prime minister said, "I would like to build up such relations as soon as possible with every country so that leaders can meet each other anytime."

Japan: Ikeda Concerned About Remarks on Wartime Sex Slaves

OW0706141996 Tokyo KYODO in English 1337 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Foreign Minister Yukihiko Ikeda on Friday [7 June] voiced concerns about the negative effect on Japan's relations with its Asian neighbors of recent remarks by a Diet member over Asian women forced by the Japanese imperial army to serve as sex slaves for Japanese soldiers during World War II.

"I will make efforts to prevent any misunderstanding that many Japanese share the view," Ikeda said at a session of the House of Representatives Foreign Affairs Committee.

"The Japanese Government has deep feelings of remorse and apology (toward the victims)," he said.

He was referring to remarks earlier in the week by Seisuke Okuno, a Liberal Democratic Party (LDP) member of the House of Representatives, that the women had simply been recruited into a "commercial activity."

Okuno, 82, a former education minister, set off a storm of criticism in South Korea with his remark Tuesday that although the imperial Japanese army may have arranged to transport the women to war zones, it had not forced them to go.

Okuno leads a parliamentary group of more than 100 Diet members from the LDP who deny that Japan waged a war of aggression.

Historians say some 100,000 to 200,000 women, mainly from the Korean peninsula, then under Japanese colonial rule, were forced into sexual slavery in military brothels for the Japanese army.

Japan: Tokyo To Hold Subcabinet-Level Talks With EU on Chip Accord

OW1206005496 Tokyo KYODO in English 2356 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, 12 June KYODO — Japan and the European Union (EU) will hold subcabinet-level talks in Brussels on June 24 to exchange views on the soon-to-expire chip accord between Japan and the United States, informed sources said Tuesday [11 June].

The Japan-EU vice ministerial meeting will be followed by working level talks there June 25, according to the sources.

Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry (MITI), will represent Japan at the meeting.

Sakamoto will fly to Brussels after talks in Washington on June 20 and 21 with Ira Shapiro, senior counsel and negotiator at the Office of the U.S. Trade Representative.

In a bid to break the stalemate before the July 31 expiration of the bilateral chip accord, Japan and the U.S. will hold informal vice ministerial talks next week.

Japan and the U.S. are expected to discuss a Japanese electronics industry group's recent proposal for a private-sector partnership framework to replace the governmental bilateral chip accord.

They are also planning to exchange views on possible cooperation in the semiconductor field among Japan, the U.S. and the EU.

Japan: MITI May File WTO Complaint on Indonesian 'National Car'

OW1006142996 Tokyo KYODO in English 1011 GMT 10 Jun 96

[FBIS Transcribed Text] Tokyo, June 10 KYODO — The Ministry of International Trade and Industry (MITI) on Monday [10 June] began studying the possibility of filing a complaint with the World Trade Organization (TO) over Indonesia's "national car" program, MITI officials said.

The move came as Indonesian President Soeharto issued a decree last Tuesday, saying the country's first national car can be assembled abroad and exported home for up to a year, while enjoying tax breaks under the program released in February.

The decree "made it clear that (Indonesia) deviates from (rules under) the general agreement on tariffs and trade," Vice International Trade and Industry Minister Tomio Tsutsumi said at a regular news conference Monday.

MITI will decide whether to take the case to the WTO by July, when tax-free national car imports are scheduled to begin, the ministry officials said.

Indonesia had awarded the "Timor" national car program earlier this year to a group headed by Hutomo Mandala Putra, Soeharto's youngest son, in partnership with Kia Motors Corp. of South Korea.

The program, which extends luxury tax and tariff exemptions to selected vehicles, came under criticism from Japan, the United States and the European Union which complained the program runs counter to rules for fair trade under the WTO.

The new decree added to the criticism since it allows Kia to assemble the Timor in South Korea for the next year and export the vehicle to Indonesia tax-free for sale in the local market.

Indonesia is expected to approve the privileged import of Timor as a temporary measure to compensate for

Kia's slow progress in building plants in Indonesia and making other preparations for local production of Timor.

But the MITI officials argue the step clearly indicates Jakarta's resolve to press ahead with the national car program, bucking criticism from the industrialized world.

Meanwhile, the ministry will continue to hold bilateral working- level talks with Indonesia to discuss the national car program, according to the officials.

Following Jakarta's request for such talks, Japan has already convened two rounds of sessions with Indonesia, the second of which was held in Kuala Lumpur on Thursday.

But the two parties failed to bridge their differences, with Indonesia showing no signs of making concessions to a Japanese appeal to scrap the car program, the officials said.

Japan: Tokyo, Jakarta Fail To Reach Accord in Auto Talks

OW1006115896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jun 96 Morning Edition p 5

[By correspondent Kazuki Kagaya]

[FBIS Translated Text] Kuala Lumpur, 6 June — Although the Japanese and Indonesian Governments held second working-level talks here on 6 June to discuss Indonesia's national car program, the negotiations virtually broke down. It is now highly possible that Japan will take the issue to the World Trade Organization (WTO) as early as July. The Japanese Government thinks Jakarta's preferential treatment measures for the national car plan violates WTO rules.

During the talks, Japan expressed concern over the special measure Jakarta announced the previous day to allow passenger cars produced in South Korea to be imported tax-free by regarding them as "national cars." The special tax exemptions are to be granted to cars made in South Korea under a joint venture between PT Timor Putra Nasional, which is the only auto manufacturer in Indonesia, and Kia Motors Corporation of South Korea. Tokyo urged Jakarta to withdraw the policy. However, Jakarta avoided making a clear response.

Although Indonesia reportedly called for further bilateral talks on the issue, the Japanese delegation said: "It will be impossible to comply with the call once South Korean-made cars are imported tax-free to Indonesia." The remark carried the strong implication that Japan would bring the case before the WTO for multilateral discussions. PT Timor plans to put low-priced "national cars" on the market in September. Thus, the company is expected to start importing cars from South Korea as early as July.

Japan: Editorial Urges Government To Review Yen Loans to PRC

OW1006140896 Tokyo SANKEI SHIMBUN in Japanese 9 Jun 96 Morning Edition p 2

[Editorial: "Yen-Loan Program to China Should Be Reviewed"]

[FBIS Translated Text] China conducted an underground nuclear test, as "notified beforehand." Ignoring the call from the international community for an overall ban on nuclear testing, that country rushed into experiments before conclusion of the Comprehensive Test Ban Treaty (CTBT). Although it may not be possible for the international community to take concerned action, Japan must consider taking some form of sanctions against China.

This is the second test since last August. China did its utmost to prepare for it. During the recent CTBT negotiations, the country offered a compromise by temporarily withdrawing its long-held argument that peaceful nuclear explosions should be exempted from the treaty. The Chinese acting ambassador to Japan also informed the Social Democratic Party of its plan to soon conduct a nuclear test. At the same time, he requested that Japan not take sanctions — freezing the yen loan program to China, for example.

Such "spadework" by China appears clever, but that country must realize that its act is hurting the trust it has gained from the international community. From this viewpoint, we must say that China may change its position in the future, even though it offered to accept temporarily a ban on peaceful nuclear explosions at CTBT negotiations.

Consider why the Nuclear Non-Proliferation Treaty (NPT) was indefinitely extended just before China's nuclear tests last summer. It was because the nuclear power states promised to "exercise self- restraint to limit nuclear testing as much as possible."

China's resumption of nuclear tests will encourage the DPRK, Iran, Libya, and other nations suspected of developing nuclear weapons. These countries, which consider nuclear power a means of political negotiation, are menaces to the international community. We opposed the nuclear tests of China and France for fear of proliferation of nuclear weapons.

The biggest problem is the inconsistent attitude of the Japanese Government. While expecting China to resume nuclear testing, the government continued saying that it would not reconsider providing yen loans to that country. A review of yen loans cannot prevent China from resuming nuclear tests. In addition, the government even indicated that Japan provides economic cooperation as postwar compensation.

Official Development Assistance [ODA] is an important diplomatic card Japan can use at its own discretion. If the government gives up this strategy from the beginning, how can Japan maintain equal diplomatic relationships with China, which exploits the "history card" so often? To characterize economic cooperation as postwar compensation is out of the question.

We want the government to review the fourth yen loan program starting this fiscal year. Priority should be placed on the environment, as nuclear tests present hazards to Japan such as acid rain. The government must consider slowing down other projects to assist China. It is obvious that this country does not suit Japan's criteria for ODA.

Japan: Tokyo Urges Burma To Lift Ban on Speeches by Suu Kyi

OW0706120096 Tokyo KYODO in English 1017 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan has called on Myanmar's [Burma] ruling military junta to allow pro-democracy leader Aung San Suu Kyi to make weekend speeches to gatherings outside her home, Foreign Minister Yukihiko Ikeda said Friday [7 June].

"I believe gatherings should be allowed in view of the principle of freedom of political activities," he said in a session of the House of Councillors Foreign Affairs Committee.

Ikeda also said that Japan on Thursday called on the junta, via the Myanmarese embassy in Tokyo, to lift the ban on speeches by Suu Kyi.

He further expressed hope that the military regime and Suu Kyi's National League for Democracy will begin a dialogue and achieve democracy in the country.

It has been reported that military authorities had contacted Aung Shwe, chairman of Suu Kyi's party, to say the meetings would be banned beginning Saturday.

The weekend meetings held outside Suu Kyi's home in Yangon [Rangoon] have drawn crowds of people in the past few weeks.

Japan: Major Life Insurers To Boost Foreign Bond Investment

OW1106132496 Tokyo KYODO in English 1235 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — At least three of Japan's eight major life insurance firms plan to boost their net purchases of foreign currency-quoted bonds in fiscal 1996 that started April 1 in view of a stable dollar and the high yields of such bonds, their senior bond traders said Tuesday [11 June].

Takashi Itoda, manager of the International Fixed Income Investment Division of Dai-ichi Mutual Life Insurance Co. said, "we will double our net holding of foreign currency-quoted bonds to 200 billion yen, though our moves are contingent on the direction of the yen-dollar exchange rate and interest rate moves."

"U.S. Treasury securities are likely to account for a great majority" of the net purchase, he said.

"We expect the dollar to move between 95 yen and 115 yen in fiscal 1996," he said. The currency is likely to move more stably during the first six months of fiscal 1996 "between 105 yen and 115 yen," he said.

He attributed traders' confidence in the relative stability of the yen-dollar rate partly to the Finance Ministry's package of deregulatory measures to engineer a stronger dollar, unveiled last August.

The package led many bond traders to believe that Japanese and U.S. financial authorities may be acting on a clandestine agreement to reverse the strength of the Japanese currency at the time, he said. The dollar sagged below the 80 yen line temporarily in April 1995.

"Though this is my personal opinion, the two nations appear to have politically agreed" on the need to tolerate a stronger dollar for the time being to help a Japanese economy languishing under the weight of huge bad loans, he said.

Makoto Yokoyama, manager of the Asset Allocation and Planning Department of Asahi Mutual Life Insurance Co., said, "our company plans to increase our net foreign currency-quoted bond holding by 100 billion yen, including those to be hedged with swap deals."

"We plan to invest mainly in U.S. Government bonds, especially those with maturities of up to three years," he said.

However, he said foreign currency-quoted bonds account for only 1 percent of the company's overall portfolio.

He also credited the ministry package with spreading market views that the dollar will go up against the yen and maintain its strength for the time being.

However, he cautioned that Asahi still fears that the U.S. Government may not continue to tolerate the strengthening of the dollar indefinitely.

Michihisa Tanimoto, chief of the Foreign Bond Department of Sumitomo Life Insurance Co., said the insurer "would increase its net foreign currency-quoted bond holdings by 200 billion yen to 250 billion yen" if the dollar sustains its recent strength.

Sumitomo will purchase this amount in net terms even without hedging them with swap deals as long as the dollar's strength is maintained, he said.

An official at Nippon Life Insurance Co. said the company purchased a net 400 billion yen in fiscal 1995 that ended March 31.

Nippon Life may continue its net foreign currency bond purchases "if the volatility of the yen-dollar rate is limited and the dollar remains stable" at its recent relatively strong value, he said.

Japan: Hashimoto Vows Low Interest Rates To Continue

OW1106062896 Tokyo KYODO in English 0459 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — Prime Minister Ryutaro Hashimoto on Tuesday [11 June] expressed his intention to put priority on ensuring Japan's economic recovery when deciding the government's policy on interest rates.

"Although I know (the current low interest rate policy) is giving some people a lot of trouble, the government must continue the policy in the current situation," Hashimoto said at a session of an ad hoc committee on financial affairs of the House of Councillors.

Hashimoto said he does not deny that such policy is a major cause of concern to people who live on interest payments.

But he vowed to continue the policy, given that Japan's economic recovery is still not strong and the unemployment rate remains at a high level.

Japan: Big Supplementary Budget Worries Finance Ministry

OW0806085196 Tokyo KYODO in English 0834 GMT 8 Jun 96

[FBIS Transcribed Text] Tokyo, June 8 KYODO — The Finance Ministry is worried that politicians, looking ahead to general elections, may approve a large supplementary budget for fiscal 1996, which would dampen the ministry's effort to rebuild the national fiscal balance, ministry officials said Saturday [8 June].

Prime Minister Ryutaro Hashimoto, apparently concerned about the worsening job situation, recently instructed the ruling coalition parties to start preparing a supplementary budget for the current fiscal year, which started April 1.

The officials said they are afraid that the ruling coalition government may look for a big outlay in the budget to help their chances in general elections widely expected to be held later this year or early next year.

This is making ministry officials worried at a time when the Fiscal System Council, an advisory body to the finance minister, is discussing numerical targets to reduce the huge budget deficit, analysts said.

The outstanding balance of government bond issues is projected to increase to 241 trillion yen at the end of the current fiscal year to next March 31, or 1.92 million yen per capita.

"As Japan is in a serious fiscal condition compared to other major nations, we cannot waste time promoting structural reform of the nation's budget," said an official at the ministry's budget bureau.

The analysts said Hashimoto is seeking a supplementary budget partly because the nation's seasonally adjusted unemployment rate began to worsen again in April, rising 0.3 percentage point from the previous month to match an all-time high of 3.4 percent recorded from November 1995 to January this year.

But the ministry officials downplayed the seriousness of the job market, explaining the jobless rate rose because university graduates who failed to find jobs were counted in the data.

A ministry official said he has not heard a strong call from the business community for a supplementary budget.

Since August 1992, by which the economy sank into recession after the bursting of the "bubble" economy, the government has mapped out six pump-priming packages with a combined value of 66 trillion yen.

To finance them, the government issued 17 trillion yen worth of bonds in its supplementary budgets.

However, major beneficiaries of the packages were construction companies and some materials makers. "They (the packages) may have worked to support employment, but the government is going against industrial restructuring," said Masaaki Homma, professor at Osaka University.

Some lawmakers in the ruling coalition say additional economic stimulus measures are needed because effects from the current public works projects will be over by fall.

Officials of the Finance Ministry's budget bureau disagreed. "A supplementary budget should not be formed just for public works projects, but for the economy. Whether such a budget is really needed is debatable."

Hashimoto is not indifferent to the need for fiscal reform, as shown by his recent proposal that government councils jointly study ways to cut the swelling social welfare budget, the analysts said.

At the same time, however, the prime minister is sympathetic toward formation of a supplementary budget, probably because of the approaching general elections for the House of Representatives, they said.

Japan: Finance Ministry, BOJ To Resume Outright Bond Purchases

OW1106150296 Tokyo KYODO in English
1432 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — The Finance Ministry and the Bank of Japan [BOJ] have decided to resume outright purchases of government bonds from financial institutions in order to prevent a sharp rise in long-term interest rates, officials at major commercial banks and brokerage houses said Tuesday [11 June].

The monetary authorities informed banks and brokerage firms of their decision and could conduct the market operations as early as Thursday, the officials said.

The move comes amid concern that interest rates could jump on signs of a domestic economic recovery.

It will be the first time in three years that outright purchases have been made through the ministry's trust fund bureau.

Since September 1993, the ministry's purchases of government bonds have been made only on condition that they be resold about two months later.

Because of the resale condition, the bond purchases have had little effect on long-term interest rates. Outright purchases, however, would strengthen demand in the bond market, leading bond prices higher and pushing long-term interest rates lower.

The purchases are to be made through the central bank twice a month. About 100 billion yen worth of bonds are to be bought each time under a bidding system. They will be continued for at least six months, the officials said.

Japan: BOJ Chief Says Easy Monetary Policy To Continue

OW1206092296 Tokyo KYODO in English
0842 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The Bank of Japan (BOJ) will maintain its easy monetary stance for the time being to help support burgeoning economic recovery, BOJ Governor Yasuo Matsushita said Wednesday [12 June].

"The economy is staying on a gradual recovery track, which is slowly widening in scope," Matsushita said during a regular press conference, noting the view was confirmed in the BOJ's "Tankan" quarterly survey of business sentiment released last Friday.

The survey showed the key manufacturing business confidence index improved to a better-than-expected reading of minus 3 in may from the minus 12 registered in the previous survey in February. The figure is the highest in four and a half years.

"But the economy needs to add further strength and width to the recovery to make it self-sustainable," Matsushita said.

Given that, Matsushita said monetary policy will remain the same for the time being, noting the central bank "will carefully monitor future developments, while giving priority to consolidating the base of the recovery."

Meanwhile, Matsushita said the Finance Ministry has not yet formally asked the central bank to support a planned package of extra financial commitments by the banking industry for liquidation of failed "jusen" housing loan companies.

The ministry is considering urging banks, including jusen founders, to create a fund which will be invested to generate money to help offset the 685 billion yen in taxpayers' burdens in the government plan for jusen liquidation.

Matsushita said any support from the central bank to extra commitments by financiers should meet "principles derived from the fact that it is public money."

He said such support should come only when, for instance, the financial system is facing systemic risks and providing the aid will not damage the BOJ's financial health.

On Chief Cabinet Secretary Seiroku Kajiyama's call for raising interest rates to help people living on interest, Matsushita said the BOJ "will make a final decision on interest policy," though it will listen to various outside opinions.

Kajiyama's remark led to a fight between financial and political circles when banking industry leader Shunsaku Hashimoto said interest policy is strictly under the central bank's jurisdiction, a comment that angered Kajiyama.

The official discount rate, which the BOJ charges on loans to commercial banks, has been left at a record low of 0.50 percent.

Matsushita acknowledged the central bank's low interest policy is affecting people dependent on interest income, saying "I truly feel bitter about it."

Matsushita also said Japan will host an informal session of Asia- Pacific central bank chiefs in July. "It is desirable for central banks (in the region) to deepen mutual communications to exchange information and opinions," he said.

On the idea of creating an Asian institution comparable to the Bank for International Settlements, he said it is not realistic yet to discuss such a body, given the diversity of Asian nations.

Japan: Kubo Receives New Margin Trading Calculation Proposal

OW1106152096 Tokyo KYODO in English 1413 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — A Finance Ministry panel proposed Tuesday [11 June] revising the method for calculating margin trading money to conform to risk management standards adopted overseas, ministry officials said.

The proposal was made in a report submitted to Finance Minister Wataru Kubo by the Securities and Exchange Council.

Under the present system, brokerage houses deposit with securities exchanges margin money collected from customers and their own money calculated on the basis of trading volume.

Under the proposed system, the margin money will be deposited with exchanges separately, the officials said.

They said the deposits are required as a hedge against risks against possible failures of brokerages in futures and options trading.

The proposal will be reviewed by the Finance Ministry and stock markets in Tokyo and Osaka, they said.

Japan: Article Views Debate on MOF Breakup

OW1106150896 Tokyo AERA in Japanese 17 Jun 96 Issue

[Article by Hiroshi Hasegawa, editorial staff member: "The Vice Finance Minister Aspirant Who Defeated Breakup Attempts — Behind- the-Scenes Stories About the Ruling Coalition Parties' Finance Ministry Reform Plan"]

[FBIS Translated Text] To change Japan into a citizens' state or leave it under the Ministry of Finance's [MOF] domination — the issue of breaking up the MOF — is beginning to carry strong overtones of a power struggle. The outcome of act one of the MOF breakup issue turned out unfavorable to the pro-citizens forces due to the onslaught of ultra-mainstream MOF bureaucrats. What awaits us in act two and beyond?

At any rate, let us compare two separate documents.

The first is the draft MOF breakup plan compiled on the evening of 29 May by a working group under the MOF reform project team set up by the three coalition partners: the Liberal Democratic Party [LDP], the Social Democratic Party [SDP], and New Party Sakigake. The plan is entitled: "Toward the Construction of New Financial Administration and Financial Policy." The working group is headed by Shigeru Ito, SDP vice chairman and concurrently the party's Policy Board chairman, and consists of five other members from the three ruling parties.

The other document is a draft reform plan the working group presented six days later — on 4 June — to the MOF reform project team's general meeting, which Ito and 20 other members attended.

Both of the documents start off criticizing the MOF's faulty financial administration. Covering six topics, including one entitled, "Departure From the Convoy System; Securing Transparency in Financial Administration," both documents have the same outline.

What we have here is a draft plan agreed on by the working group being presented to the project team's general meeting for the latter's approval. Needless to say, there should be no deviation in the documents' contents, as well as their outlines. However, this was not the case.

The draft's preface agreed on at the 29 May working group meeting contained the following passage: "Necessary measures for reviewing financial administration, legislative adjustments, including revisions to the MOF Establishment Law and other laws, shall be formulated at the next regular Diet session, after these measures are approved by the beginning of autumn."

However, the same passage in the draft version presented at the 4 June general meeting was considerably altered to read: "For reviewing financial administration, along with promptly embarking on such efforts as revising the MOF Establishment Law and other laws...."

In the first version, a time limit is clearly set for reforming financial administration. In the second version, however, the schedule has been made ambiguous by using the term, "promptly." The term, "promptly," is actually a cliche to put matters off indefinitely, while making it sound like things will be taken care of very quickly.

Also, the expression, "for reviewing financial administration ... as the need arises," does not presuppose a thorough review of financial administration.

Strong Pro-MOF Overtones

In the first version, the topic, "The Establishment of a Rigorous Inspection and Supervisory System," contains the following passage: "Further studies shall be made by the project team on how the framework and mechanism ought to be."

However, the terms, "specifically" and "by the project team," are omitted in the second version, resulting in an ambiguous expression where the nature of the studies remains vague and it is unclear who will be conducting the studies.

Moreover, the topic, "Revision of the Bank of Japan [BOJ] Law," in the first version closed with the following passage: "Consideration should be made to setting up a transparent and fair venue within the government."

In the second version, however, the terms, "transparent and fair," were replaced with the term, "appropriate."

There is significance in the fact that at the 29 May working group meeting, some members went as far as to stress the need to set up a "transparent and fair" venue. This was because they felt that it would be more desirable to have an open, third-party organization study the issue of revising the BOJ Law, instead of leaving everything to the Financial System Research Committee, an advisory panel to the finance minister, which is said to be considerably pro- MOF. However, the terms, "transparent and fair," which carry such implications, were erased.

In the postface of the first version of the draft reform plan, some working group members tried to make sure that "regarding MOF reform and BOJ Law revisions, the target will be to make necessary legislative adjustments at the next regular Diet session." In the second version, this passage has been revised to read: "It is requested that concrete studies be made on MOF reform and BOJ Law revisions."

The conjunction "and" is used to clearly state that it will be necessary not only to revise the BOJ Law but also to break up and reorganize the MOF itself. However, if the conjunction "or" is used, it would signify that only one of the two alternatives should be carried out.

At the 29 May working group meeting, Fumihiko Igarashi, a House of Representatives member from New Party Sakigake, and Yasuhisa Shiozaki, a House of Representatives member from the LDP, tried to eliminate ambiguity from the texts of the draft MOF reform bill while paying great attention to very small details.

Mr. Igarashi's objective lies in breaking up the MOF itself. And Mr. Shiozaki maintains that departments connected with monetary affairs should be separated from the MOF. In an article published in the May 1996 CHUO KORON, Shiozaki argues that such a separation is indispensable while digging into the systematic controversies.

The project team of the three ruling parties was started on 27 February. After holding study sessions, the working group started to draw up the draft reform bill in May.

Group leader Ito submitted the draft plan, which would be presented to the plenary session and to the 29 May working group meeting. However, since ambiguity is noted here and there on such parts as the details about procedures for materializing the reform plan, Messrs. Igarashi and Shiozaki started revising the text on the spot.

Even at the previous group sessions, the two dietmen felt that group leader Ito, as well as the LDP, strongly wanted the MOF's stance of avoiding major reforms of the MOF's own mechanism to be reflected in the draft plan. The SDP has taken a vague position on this issue. Some SDP members, although they are working group members, have frequently failed to show up at group meetings.

New Party Sakigake Is Concerned

One of the reasons is that the two dietmen have now come to realize that MOF officials, Toshiro Muto, deputy vice minister for policy coordination, in particular, have frequently called on project team leader Ito. They have also obtained information that consultations on the reform plan have been conducted among Mr. Muto, group leader Ito, and the LDP.

Having served as director of the MOF Secretarial Division and deputy director general of the Budget Bureau, Deputy Vice Minister Muto is regarded as the candidate most likely to be appointed administrative vice minister. Muto joined the MOF the same year as Yoshio Nakajima, former deputy director general of the Budget Bureau, who was forced to resign because of his involvement in tax evasion and other scandals.

At the MOF, Administrative Vice Minister Tadashi Ogawa, the minister's Secretariat Director Yoji Wakui, and Deputy Vice Minister Muto have played the central role in dealing with politicians in connection with the MOF reform issue as they got together everyday to draw up various schemes. However, the task of maintaining direct contacts with group head Ito and influential LDP members of the reform team has been assigned to Deputy Vice Minister Muto almost solely.

Mr. Muto's movements can be traced by collecting information from Dietmembers of the project team. His contacts seem to concentrate on group leader Ito and Mr. Kaoru Yosano, acting chairman of the LDP Policy Research Council who is also a project team member.

Being concerned with the fact that the working group sessions' discussions have shifted in favor of the MOF, group members from New Party Sakigake called for holding a six-member conference, which is regarded as the upper organ of the project team. The six members who attended the conference held on the morning of 29 May were the responsible persons of the three coalition parties in charge of party or policy affairs.

Moreover, at the working group session held on the afternoon of 29 May, Messrs. Igarashi and Shiozaki concentrated their efforts on revising the draft plan presented by group leader Ito. However, the reform plan actually distributed to those who attended the 4 June plenary session was the original draft plan. While the two were not aware of it, the revised draft plan was replaced by the original draft that bears no revision by the two as we described in detail in previous paragraphs.

Those That Talk About "Breakup" Are Third-Rate Weekly Magazines Even a little before the start of the 29 May six-member conference, Deputy Vice Minister Muto met with group leader Ito. Later on, Muto, group leader Ito, and others continued to hold consultations over the reform plan revised by the working group.

Group leader Ito was unable to openly deny to reporters that Deputy Vice Minister Muto was involved in the revision of the texts conducted from 29 May to 4 June.

Moreover, group leader Ito stated: "I do not think it is the ruling parties' intent to break up the MOF. The argument for separating financial from monetary affairs is something that is talked about by third-rate weekly magazines. It is important for the BOJ Club, Zaiken [a financial issues study group], and the political department to comprehensively study this issue. At any rate, since I am responsible for carrying out this task, I hope that there will be no reports similar to those published in third-rate weekly magazines. If the MOF should be broken up, who will attend the G-7 conference?"

"The BOJ Club" means a club set up at the BOJ and composed of financial reporters from information organs in general. "Zaiken," or the financial issues study group, is a similar club of reporters set up at the MOF. "Political department" means the department of various information organs in charge of political affairs. "G-7" probably means the conference of finance ministers and central bank governors of the seven industrialized nations. But what did he mean by "third-rate weekly magazines"?

In the meantime, Deputy Vice Minister Muto explained: "Since the parties draw up the texts, we are not in a position to say in detail that each individual passage should be written in this or that way. However, it is true that we have requested that they listen to our views."

If it is necessary to listen to the views of MOF bureaucrats, it should be done at the working group sessions or at the plenary session. However, what has been done was done behind closed doors. In other words, although the ax is about to fall, it is held in the victim's hand. Thus, as in the old days, the collusion among the LDP, the SDP, and the bureaucrats continues to exist.

However, it turned out that one member after another criticized the ambiguity noted in the reform plan at the 4 June plenary session. And even those LDP or SDP Dietmembers who do not seem to support the idea of separating financial from monetary matters, not to mention the MOF breakup, pointed out insufficiencies in the draft plan, although merely concerning those portions that they were concerned with. In this connection, it has been decided that the working group will be asked to present another revised plan and then another plenary session will be held.

However, no matter how the texts are re-revised in future, group leader Shigeru Ito has continued to maintain behind-closed-doors contacts with MOF bureaucrats of the super mainstream faction because he has decided that "the MOF's breakup or separation is something that is talked about by third-rate weekly magazines."

Japan: MOF Plan To Kill BOJ Law Revision Analyzed

OW1006143996 Tokyo EKONOMISUTO in Japanese 4 Jun 96 pp 52-54

[Article by freelance journalist Shinichiro Suda: "With the Debate on MOF Breakup Switched Into a Debate on Revising the BOJ Law, Now the MOF Is All Out To Block a Change in That BOJ Law, Using an Ultra-C Stunt Plan"]

[FBIS Translated Text]**Topic of Debate Gets Switched**

On 27 March, Yasushi Yamaguchi, a director of the Bank of Japan [BOJ], was getting a hearing from the ruling coalition parties' "Project Team on the Question of Reforming the Ministry of Finance [MOF]" (headed by Shigeru Ito, chairman of the Social Democratic Party's Policy Board) which was charged with drafting a plan for reforming the ministry.

At that hearing, a Project Team member proposed a plan for the team to make a visit to the BOJ, and BOJ Director Yamaguchi promptly accepted it, expressing the welcome of the team's visit of the bank.

As seen from this, the hearing on that day went on in a very amicable manner.

With the hearing on that day as a start, the BOJ secretly began formulating a "basic guideline" on revision of the Law Governing the BOJ — something which the has dearly wanted and sought for so long.

It was on 5 April, only nine days after the hearing, that the team's "tour of the BOJ" took place.

Following the tour, which lasted about 40 minutes, the members of the Project Team headed by Ito met with BOJ Governor Yasuo Matsushita and Vice Governor Toshihiko Fukui for about 30 minutes.

In the meeting, Governor Matsushita said, "I feel it is too early (to discuss a revision of the BOJ Law)."

This remark of his is very meaningful, and it was not meant to be backward-looking, either, though it might sound that way.

A BOJ officer explained: "There is no question that Governor Matsushita wanted to say on that day 'the issue of revising the BOJ Law needs to be dealt with,' but he thought the timing was not right if the issue was to be lumped together with the issue of reforming the MOF."

What the governor meant to say was that revising the BOJ Law and reforming the MOF were two completely different things. Now there is the question: When did this matter of revising the BOJ Law come up first? If we trace the history of it, the following becomes clear:

The MOF, as if reacting to the ruling coalition parties' formation of a project team, formed its own team, called the "Project Team To Study the New Banking Administration" (headed by Administrative Vice Minister Tadashi Ogawa). This MOF-made project team held its first meeting on 1 April.

This team officially was composed of the MOF vice minister, deputy vice-ministers, director of the Secretariat, director generals of all bureaus, and a supervisory deputy director-general, thus representing "all of the MOF."

The MOF Project Team had under it a "primary" working group with Supervisory Deputy Director-General Toshiro Muto at its top and Yoshio Tamura, chief of the Secretariat's Research and Planning Division, as his deputy; this group performed the actual work of the team.

There is a good reason for putting the adjective "primary" before the part "working group." The MOF Project Team had another team working behind the scenes to deal with the people in Nagata-cho, the Diet. This team was also headed by Muto, assisted by Koichi Hosokawa, chief of the Secretariat's General Coordination Division.

An MOF staff official said: "This behind-the-scenes unit was called the "Muto Team" within the ministry, and its first meeting was held on 25 March. It went into action immediately, conducting hearings on incumbent officials of the MOF's three banking-related bureaus on the following day and starting hearings on former director generals of these three bureaus on 28 March."

This shows that the MOF at this stage assumed the politicians' idea for restructuring the MOF would include an idea for creating a Banking Agency.

The idea of creating the Banking Agency consists in taking the Banking Bureau, the Securities Bureau, and the International Finance Bureau out of the MOF and putting them under an independent office to be named the Banking Agency. The hearings on the former bureau director generals were supposed to last until 12 April, covering 18 people in all, according to the Muto team's plan.

Around that time, however, a major development was being made in the ruling parties Project Team's efforts on the issue. As noted above, on 5 April, Project Team leader Ito and BOJ Governor Matsushita discussed the question of reforming the BOJ Law in considerable depth. But in the meantime, the concept on creating the Banking Agency was taking a quick down-turn.

A staff official of the MOF pointed out: "The MOF at this stage put Supervisory Deputy Director-General Muto in charge of the debate on revising the BOJ Law. Then, in no time, the issue of revising the BOJ Law was a key point in the idea of reforming the MOF."

In other words, the plan for reforming the MOF, begun by politicians out of the need to create the Banking Agency, was subtly switched into one for revising the BOJ Law. The draft of the MOF reform plan as prepared by the ruling parties' Project Team made no mention of creating the Banking Agency, which was supposed to be a way of dividing up the functions of the MOF.

The draft plan covered following five key projects:

1) Securing transparency in the MOF administration, thus departing from the past practice of running the ministry like an armed convoy;

2) Establishing the principle that MOF takes responsibility for itself;
3) Establishing a strict inspection and supervisory system;
4) Revising the BOJ Law;
5) Establishing a banking system with an outlook on the 21st century.

All that is being asked in 1) is to prepare clear "rules" of administration, which means that all five projects on the list are simply those intended to reduce the power of the MOF while leaving the ministry's structure intact.

An MOF staff official gave his view: "Superficially or in form, it could look like a reduction of power for the ministry, but it will be quite possible to take most of the teeth out of the program. But the MOF thought there was one project it should watch out for, the one on revising the BOJ Law. Indeed the ministry believes this project should be blocked somehow and by any means. That is how Mr. Muto, the man known as an expert at dealing with the Nagata-cho people, was put in charge."

BOJ's Earnest Wish and MOF's Rollback Operation

What are the specific goals of seeking to have the BOJ Law revised? An officer of the BOJ said, "They are made up of roughly two points," and explained:

"First, the economy as well as banking are becoming increasingly market-oriented. If the market suspects that the BOJ's policies are influenced by politicians and MOF bureaucrats, there is no way for the BOJ to make its policy intentions carried out in an appropriate manner. It is necessary to secure maximum independence for the BOJ.

"Second, the BOJ needs to have mobility. The economy and banking will become further globalized hereafter. That means the BOJ will need to maintain a closer relationship with other countries' central banks than before. The central banks of the United States (the Federal Reserve Board) and Germany (Bundesbank) do not have government offices presiding over them. Consequently, they are able to enforce their policies completely on their own. But the BOJ has the MOF as its supervisory office and thus is unable to make moves on its own. In other words, it does not have mobility."

That was the explanation given by the BOJ; but to put it more simply, the idea of revising the BOJ Law is to make the bank independent of MOF control. The BOJ had drawn up a "basic guideline" featuring these points by mid-April.

A BOJ officer said, "The basic guideline was presented in a five- page report entitled "Concerning the Revision of the BOJ," submitted to the ruling parties' Project Team as a reference.

It is clear that the ruling parties Project Team and the BOJ are in a cooperative relationship as far as revising the BOJ is concerned.

The BOJ officer noted, "Team leader Ito showed a particularly good understanding of the revision of the BOJ Law.

One member of the ruling parties' Project Team said: "Our Project Team's policy is to finalize the framework of the BOJ Law revision by the end of the current Diet session."

Since the existing political schedule does not indicate that the current Diet session will be extended beyond its original schedule, the debate on the matter will need to be completed by 19 June, when the session formally ends.

The ruling parties' Project Team member said, "We will seek to get the matter of revising the BOJ Law settled at the political level."

Naturally, the MOF is not happy with this move by the ruling parties' Project Team and the BOJ. MOF Vice Minister Ogawa openly and repeatedly said, "There is no particular problem with the existing BOJ Law." In other words, the MOF's basic stand is to block revision of the BOJ Law by all means.

A senior official of the MOF said: "Since the ruling parties' Project Team has declared that revising the BOJ Law will not be done by dietmen introducing legislation, we, the MOF, will be doing the actual work of drafting the bill for the revision of the law. There still is a chance to do rollback operations."

Using the Financial System Research Committee

Then, coming into mid-May, the MOF started to pull a stunt by putting its ultra-complex behind-the-scenes maneuver plan into work — in order to block the revision of the BOJ Law by any means.

The concept of this ultra-complex maneuver plan, according to the MOF official, lies in putting the MOF's Financial System Research Committee [FSRC] in charge of drafting the framework.

The MOF asserts: "The BOJ system makes up a fundamental part of the whole national banking system. That being the case, the matter should be given studies by specialists at the FSRC."

In fact the MOF had already made this proposal to the ruling parties' Project Team behind the scenes.

At a glance, the MOF's position appears very rational. But there is no doubt that in this MOF position is a scheme for crushing the plan to revise the BOJ Law.

There is no doubt about that, if one can see that the FSRC is no more than a detachment of the MOF. One is apt to think it is a neutral third-party agency, but it is actually a completely governmental agency set up under the Law on Establishing the FSRC. Furthermore, under the law, the members of the committee are named by the finance minister, and the secretariat functions for it are performed by the MOF Banking Bureau Research Division. Simply put, the FSRC is an agency completely in the hand of the MOF. If the debate on the issue is to be carried out by this committee, there will be no question that it will proceed as maneuvered by the MOF.

A senior MOF official recalled: "In fact the question of revising the BOJ Law has been discussed several times in the past. A very particularly earnest debate took place in 1960, but at that time, the arena of the debate was moved to the FSRC, where it got crushed, as planned by the MOF. Most likely, the recent debate will take that course once again."

Of course, the ruling parties Project Team leader Ito has said, "Since we want to eliminate the influence of the MOF on the matter of the revising the BOJ Law as completely as possible, we are not thinking about having the FSRC handle it." A sharp confrontation may be looming between the ruling parties' Project Team and the MOF over the question of revising the BOJ Law.

Japan: Finance Ministry: Kyodo Bank 'Effectively' Insolvent

*OW1206071596 Tokyo KYODO in English
0609 GMT 12 Jun 96*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Tokyo Kyodo Bank, which has taken over the assets and debts of two now-defunct credit unions, holds about 50 billion yen in bad loans, effectively making it insolvent, according to data released Wednesday [12 June] by the Finance Ministry.

The data, submitted to the day's session of an ad hoc committee on financial affairs at the House of Councillors, shows that the 50 billion yen in bad loans exceeds Tokyo Kyodo's assets of 40 billion yen.

Tokyo Kyodo, which took over operations of the failed Tokyo-based credit unions Tokyo Kyowa Credit Association and Anzen Credit Bank, is to be reorganized into a Japanese version of the U.S. Resolution Trust Corp. (RTC) after the Diet approves six financial bills presented to the current session by the ministry. The planned organization is aimed at liquidating bankrupt credit unions.

Analysts said the ministry and the Bank of Japan (BOJ) will likely be pressed to strengthen Tokyo Kyodo's financial base. The bank was established in January 1995 with half its capital provided by the BOJ and half by 152 private entities including banks.

Japan: EPA To Stop Using MOF Staff To Head Secretariat

*OW1106152596 Tokyo KYODO in English
1502 GMT 11 Jun 96*

[FBIS Transcribed Text] Tokyo, June 11 KYODO — Economic Planning Agency (EPA) Director General Shusei Tanaka said Tuesday [11 June] he is thinking of ending the custom of having a Finance Ministry [MOF] official become director of the EPA's Secretariat.

The current head of the Secretariat, Kazuhiko Takeshima, will likely be the last official from the ministry to hold the post under a tradition that has continued for about 40 years.

Tanaka said he told Finance Minister Wataru Kubo the same day that he wanted to put an end to the custom, and that Kubo did not make any particular comment in opposition.

Since the EPA's establishment in 1955, it has been the custom for a Finance Ministry official to be sent for one or two years to the EPA as head of the Secretariat, a position that complements that of the EPA vice minister.

There is a view that the EPA lacks originality because of the large number of officials from the Finance Ministry and the Ministry of International Trade and Industry who temporarily take up positions at the agency.

Japan: Government To Press Banks for Additional 'Jusen' Burden

OW1006122[illegible]96 Tokyo KYODO in English
1118 GMT 10 Jun 96

[FBIS Transcribed Text] Tokyo, June 10 KYODO — The Finance Ministry will continue negotiating with financial circles to step up their financial commitments to liquidating seven failed "jusen" mortgage lenders, a senior ministry official said Monday [10 June].

"We are asking relevant financial institutions to rack their brains," Vice Finance Minister Tadashi Ogawa said at a news conference.

Ogawa said that now was not the time for the ministry to present its proposals to financiers.

The financial industry is under pressure to pay more and help reduce the 685 billion yen burden on taxpayers resulting from the government-crafted liquidation scheme which passed the House of Representatives on Friday.

Finance Minister Wataru Kubo proposes calling on banks — including jusen founders — to cough up more money and establish a fund, investment returns on which will be used to help compensate for the 685 billion yen.

He also wants bank of Japan support for the planned fund.

Ogawa was cautious about the idea, saying, "it is an extremely difficult issue." But he noted, "every possibility will be taken into account" in formulating a package of extra contributions by financiers.

Japan: Hashimoto Says Bills First, Then Extra 'Jusen' Burden

OW1106070396 Tokyo KYODO in English
0446 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — Prime Minister Ryutaro Hashimoto told the Diet on Tuesday [11 June] that the government will map out a framework for additional burdens by creditor banks of seven failed "jusen" housing loan companies after the Diet approves six bills on financial matters.

At a session of an ad hoc committee on financial affairs of the House of Councillors, Hashimoto said the government will set up a "jusen" disposal vehicle after the approval of the bills "and will make efforts by steering it" toward getting financial institutions concerned to accepting additional burdens.

The upper house committee meeting began deliberations Tuesday on the financial bills, including one needed for the use of 685 billion yen in taxpayers' money under the fiscal 1996 budget to help wind up the failed mortgage companies.

The House of Representatives, or the lower house, approved the bills Friday.

Hashimoto said the government will continue asking banks that founded the housing loan companies to take on additional burdens for the liquidation scheme to minimize the use of taxpayers' money.

"We are now urging financial institutions concerned for voluntary and serious efforts to reduce the people's burden as much as possible," Hashimoto said.

Meanwhile, Finance Minister Wataru Kubo hinted that the Bank of Japan (BOJ) may take part in the extra burden framework in the form of investment or loans.

"As specific discussions proceed, we will study" the role of the central bank, Kubo told the Diet session.

Kubo indicated, however, that deliberations on specific measures, including a proposal to create a new fund, are facing hard going.

"Although the proposal exists as one idea, we have yet to reach a stage to discuss it in detail," Kubo said.

The proposed fund is designed to reduce the portion of public burden in the government scheme to liquidate the seven jusen companies from the 685 billion yen through 15-year investment on financial instruments.

Japan: Kubo Urges Extra 'Jusen' Burden for All Creditor Banks

OW1106062996 Tokyo KYODO in English
0247 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — Finance Minister Wataru Kubo on Tuesday [11 June] called for all creditor banks to assume an additional burden in the liquidation of the seven insolvent "jusen" housing loan companies, to minimize the controversial use of taxpayers' money.

"We have to discuss the liquidation scheme in a direction toward asking all financial institutions involved in the jusen problem, banks that founded the jusen companies in particular, for an additional contribution," Kubo said at a press conference.

Kubo expressed his hopes that a basic agreement can be reached during the current Diet session due to end June 19, under which the banks would assume an additional burden to reduce the spending of taxpayers' money in the jusen liquidation scheme.

"I hope we can proceed with discussions in no distant time, including specific directions," Kubo said.

Kubo declined to reveal what specific directions were under consideration, saying, "I'd better not tell you now...negotiations with parties concerned are under way at a working level."

The government has sought additional assistance from the founding banks in a bid to alleviate criticism of its plan to use 685 billion yen from its coffers for the liquidation scheme, but it has failed so far to obtain agreement on specific measures.

On the April 1 planned hike of the consumption tax to 5 percent from the current 3 percent, Kubo said it will be difficult to change the rate from the planned level by the Sept. 30 review deadline.

The government has decided to raise the tax to 5 percent on condition that the rate be reviewed by the end of September from four viewpoints, including future costs for social security.

Kubo said, "it is uncertain whether we can finalize all the necessary procedures by the June 19 end of the current Diet session."

Turning to the deadlocked insurance talks with the United States, Kubo said he has agreed with U.S. Ambassador to Japan Walter Mondale to discuss the issue further for an as-early-as-possible solution when they met Monday for the second time in a week.

Asked whether he will meet Mondale again this week, Kubo said, "if possible, I wish to meet him and make progress in the talks."

"Without a basic agreement at a political level, there will hardly be progress at any working-level talks," Kubo said, adding the matter rests on whether the politicians can make a turning point for the bilateral insurance negotiations.

The two sides broke off discussions late last month, failing to meet their June 1 deadline.

Kubo and Mondale did not come to a settlement on the insurance dispute at the Monday meeting, according to a ministry official.

When they met last Tuesday, Mondale explained the U.S. stance on the issue in detail, and Kubo conveyed Japan's position to Mondale on Monday, the official said.

Japan: Kubo: New Private-Sector Fund Likely for 'Jusen'

OW1206131696 Tokyo KYODO in English 1200 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Finance Minister Wataru Kubo expressed anew support for a plan to create a new fund with money from the private sector to help ease the burden on taxpayers in a scheme to liquidate failed "jusen" housing loan companies.

Creation of a new fund and funneling its investment returns into the national coffers is "one of several likely ideas" for getting additional contributions from financial institutions to the jusen liquidation scheme, Kubo said at a news conference.

Under the government-devised scheme, banks that founded the jusen companies and their creditor institutions will share the liquidation costs.

Part of the loan losses at the jusen companies, however, is to be covered by 685 billion yen in taxpayers' money.

In the face of strong public criticism of the scheme, the government is now asking the founder banks and other creditor institutions to shoulder a greater share of the burden.

At the news conference, Kubo left open the possibility of the Bank of Japan (BOJ) donating funds to the envisaged fund.

"The government, if necessary, should consider seeking cooperation from the central bank," he said.

Kubo showed confidence that the government will be able to forge an accord with financial circles on the additional burden.

The founder banks and other creditor institutions show willingness to make additional contributions, he said.

Japan: BOJ To Study Putting Up Money for 'Jusen' Bailout

OW1106142596 Tokyo KYODO in English 1307 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — The Bank of Japan [BOJ] plans to study the possibility of contributing funds for the liquidation of seven moribund "jusen" housing loan companies, sources in the bank said Tuesday [11 June].

The sources said the central bank is concerned that a failure to liquidate the jusen companies will inevitably affect the stability of the nation's financial system.

The central bank earlier took the stance that it would never use its funds to cover losses incurred by private financial institutions.

The sources said the central bank's policy change will pave the way for financial institutions to bear additional burdens to settle the jusen issue.

There are several plans for the central bank's contribution to the liquidation of the jusen companies, the sources said.

Among them is a plan for the central bank to contribute about 100 billion yen to a new liquidation fund to which jusen founder banks would also put up additional funds, they said.

Another plan calls for the central bank to come to the rescue of financially troubled financial institutions by providing loans, they said.

The sources said, however, that a central bank contribution over the jusen issue is opposed by some officials within the bank.

No concrete framework for the jusen liquidation scheme has been worked out, they said.

Japan: Upper House Committee To Summon Top Banker on 'Jusen' Issue

OW1006123996 Tokyo KYODO in English 1132 GMT 10 Jun 96

[FBIS Transcribed Text] Tokyo, June 10 KYODO — A House of Councillors ad hoc committee will summon three people, including the head of Japan's banking industry, on Wednesday [12 June] as unsworn witnesses to testify about the issue of liquidating moribund "jusen" mortgage companies.

The three witnesses to be summoned to the upper house's Ad Hoc Committee on Financial Affairs are Shunsaku Hashimoto, chairman of the Federation of Bankers Association of Japan, Nobuyuki Teramae, former director of the Finance Ministry's banking bureau, and Kiyotaka Tanaka, a member of the Japan Federation of Bar Associations., committee officials said.

At the ad hoc committee in the House of Representatives last Tuesday, Hashimoto declined giving a commitment to additional contributions by financial institutions as the founders of the seven jusen companies to help liquidate the firms.

Hashimoto, also president of Sakura Bank, only said that banks are doing their utmost but there is a limit to what they can do as they are private enterprises.

Under a government scheme to resolve the issue, the founder banks have agreed to give up 3.5 trillion yen worth of claims on the mortgage companies and make additional contributions to a special fund proposed by the government to stabilize the nation's financial system.

The founder banks of the jusen companies are balking at accepting repeated demands from Prime Minister Ryutaro Hashimoto and Finance Minister Wataru Kubo to shoulder more of the burdens for liquidating the housing loan companies.

The upper house committee also decided to hold question-and-answer sessions on Thursday and Friday, and a public hearing on Friday afternoon on the jusen issue.

Last Friday, the lower house approved a set of six financial bills, including one needed for the use of 685 billion yen in taxpayers' money under the fiscal 1996 budget to help wind up the mortgage companies.

The lower house immediately sent the bills to the upper house for further discussion. The bills are certain to be enacted by the June 19 end of the current session of the Diet as the ruling coalition holds a comfortable majority in both houses, political sources said.

Japan: Farm Ministry: Lenders Cannot Afford New 'Jusen' Burden

OW1006114696 Tokyo KYODO in English 0808 GMT 10 Jun 96

[FBIS Transcribed Text] Tokyo, June 10 KYODO — A top farm ministry official reiterated Monday [10 June] that agricultural financial institutions cannot afford any additional financial burden in liquidating seven insolvent housing loan companies known as "jusen."

If 24 prefectural credit federations of agricultural cooperatives report pretax losses for fiscal 1995 that ended in March, the situation will be grave because a majority of the federations operated in the red during the year, Hirofumi Ueno, administrative vice minister for agriculture, forestry and fisheries, said at a press conference.

While the ministry estimates that 30 of the 47 federations fell into the red in fiscal 1995, ueno said that even if the number of federations posting losses is smaller than the estimate, those in the black scored only marginal profits.

He said it is important to note that more than half of the federations suffered losses, stressing that agricultural cooperatives cannot bear burdens in addition to that called for in the government-brokered jusen liquidation scheme.

Japan: Ruling Coalition Asks Banks To Take Extra 'Jusen' Burden

OW1106064396 Tokyo KYODO in English 0411 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — The three ruling parties Tuesday [11 June] urged banks that founded the failed "jusen" housing loan companies to shoulder more of the cost of the government's program to liquidate them, coalition officials said.

Top policy officials of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake asked Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, to propose new measures during the current Diet session that ends June 19.

Hashimoto, who is also president of Sakura Bank, replied the founder banks are willing to make efforts to reduce the fiscal funds to be used for the government plan, but added there are "a variety of problems," the officials said.

The ruling alliance will also make a similar request to agricultural financial institutions, which are the biggest group of creditors to the mortgage companies.

When the House of Representatives passed a bill related to the government's jusen program, the three ruling parties issued a statement calling on financial institutions involved to bear additional burdens.

The plan features the use of 685 billion yen in taxpayers' money to help finance liquidation of the housing loan companies.

Under the government scheme, the founder banks would give up claims on a total of 3.5 trillion yen in loans to the mortgage companies. Nonfounder banks would abandon claims on 1.7 trillion yen in loans. The farm financial group will contribute 530 billion yen to the scheme.

The government, however, has called on the banks to shoulder a bigger financial burden to ease strong public criticism over the use of taxpayers' money.

Japan: Business Leaders' Reaction 'Mixed' Over 'Jusen' Bill

OW0706115396 Tokyo KYODO in English 1023 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Business leaders showed mixed reactions to Friday's [7 June] passage at the House of Representatives of six financial bills, including one needed for the use of 685 billion yen in taxpayers' money to help liquidate seven failed "jusen" housing loan companies.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), said "It is delightful that the jusen problem moved toward solution," hailing the lower house's approval of the bills.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), also said, "It will help remove international distrust (in Japan's financial systems) and ensure the economy stays on the recovery path."

Some business leaders, however, voiced complaints and doubts about the bills.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry (Nissho), said, "I am not satisfied with the reasoning for using a large sum of public money" for the jusen liquidation.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said, "This case cannot serve as an example for the future write-offs of bad loans. We should make a scheme which takes more account of market rules."

Japan: Top Banker Positive About Second 'Jusen' Fund

OW1206083196 Tokyo KYODO in English 0731 GMT 12 Jun 96

[FBIS Transcribed Text] Tokyo, June 12 KYODO — A banking industry leader Wednesday [12 June] sounded positive toward a plan by the Ministry of Finance (MOF) to set up a second investment fund designed to reduce taxpayers' burdens in liquidating seven insolvent "jusen" housing loan companies.

The creation of the fund could be one measure to take in implementing the liquidation of the jusen, Shunsaku Hashimoto, chairman of the Federation of Bankers' Associations of Japan, said at a session of an ad hoc committee on financial affairs of the House of Councillors, or the upper house, of the Diet.

Earlier in the day, the MOF requested the founding banks of jusen to finance its plan to create the new fund with an eye toward generating some 500 billion yen in investment profits over the next 15 years, informed sources said.

The ministry plan calls for setting up and managing the second fund of up to 800 billion yen in parallel with an earlier proposed 1 trillion yen "financial stabilization contribution fund" whose creation is to be mandated by a bill now on the parliamentary floor, the sources said.

The deputy director general of the ministry's Banking Bureau, along with other senior ministry officials, paid visits to the offices of the founding banks to seek their consent in providing contributions to the second fund, they said.

The founding banks and other financial institutions earlier agreed to contribute a total of 1 trillion yen to the stabilization fund, which is to be set up inside Deposit Insurance Corp. (DIC). The bill to establish this primary fund is now up for final approval in the upper house.

Investment profits to be generated by the primary fund will be spent to pay for some secondary losses that will emerge when Jusen Resolution Corp. — a debt-collection vehicle proposed in the same bill — fails to fully collect the remaining 6.7 trillion yen in debts from borrowers from the seven jusen.

The second fund will seek to generate some 500 billion yen in investment profits to pay back a major part of the 685 billion yen which the government plans to pay out of the national coffers, to dispose of some of the primary losses that will emerge when the seven jusen are liquidated, the sources said.

Despite Hashimoto's unsworn testimony at the upper house committee, the sources said it remains unknown whether each founding bank will agree to shoulder additional financial burdens.

The new plan calls for mustering a total of 700 billion to 800 billion yen from the founding banks. In order to generate 500 billion yen in investment profits in the proposed 15-year period, it is necessary to invest the funds into financial instruments capable of yielding 4.0 to 4.5 percent per annum, they said.

The second fund would be managed by a private organization to be jointly set up by the founding banks, they said.

The ministry plans to ask the Bank of Japan and financial institutions affiliated with farm cooperatives to provide contributions, they said.

However, the ministry appears not to have specified the sum of money it wants the central bank and farm banks to put up, they said.

Japan: Sources Report 'Jusen' Borrower Sold Y140 Billion in Land

OW1106083096 Tokyo KYODO in English 0751 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — The Tokyo-based realtor Togensha, a major borrower from "jusen" housing loan companies, sold some 140 billion yen [Y] worth of land in fiscal 1994 to pay back debts, financial sources said Tuesday [11 June]. The figure accounted for 90 percent of the company's total land sales in the three years to then, they said.

Most of the land lots were sold in auctions for repayment of the realtor's debts in the fiscal year that ended March 31, 1995, the sources said.

Only three of the 24 tracts of land disposed of during the three years to March 1995 were sold on the company's own initiative, with the remainder sold in auctions on demand by the lenders, they said.

The company started accumulating arrears in its repayments of debts in 1991, and was forced to sell 140 billion yen worth of its land of its land assets, whose total values peaked at 324.1 billion yen at the end of March 1992.

Japan: Shunsaku Hashimoto Urges Financiers To Join 'Jusen' Plan

OW1106101496 Tokyo KYODO in English 0933 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — Japan's banking industry leader Tuesday [11 June] called for all financial institutions in the nation to participate in a new plan being negotiated to put up extra money and reduce taxpayers' burden in liquidating failed "jusen" mortgage lenders.

"Given that new contributions are in the public interest, I believe it is indispensable (for all financiers to join the plan)," Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, said at a news conference.

Earlier in the day, Hashimoto met with top policymakers of the ruling coalition, who urged him to draw up at least an outline for the new plan by the end of the current parliamentary session through June 19.

Hashimoto told reporters that the banking industry is facing "tremendous difficulties" in reaching an early consensus on the plan as different types of banks have differing positions.

"We are exchanging views with relevant parties on every occasion to look for a good plan, taking various possibilities into account," said Hashimoto, who is also president of Sakura Bank.

Under the government bill for the liquidation plan, which passed the House of Representatives on Friday, taxpayers will pay 685 billion yen to help compensate for a 6.41 trillion yen loss in the liquidation process.

In an attempt to appease the public, the ruling parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — are urging financial circles to contribute more to the plan to offset the taxpayers' burden.

Hashimoto told the Diet on June 4 that the banking industry might consider making extra financial contributions to the liquidation if there is a "good" plan.

On Finance Minister Wataru Kubo's idea of enlisting the Bank of Japan (BOJ) in a framework for extra contributions by financial circles, Hashimoto said it will be the best if the industry can receive support from the central bank.

"The BOJ would make a major contribution" if it joins the industry in making extra contributions to maintain the order of the financial system, Hashimoto said.

Kubo has proposed setting up a fund among financial institutions with the help of the central bank to invest in financial vehicles over a period of 15 years and generate money for lightening the 685 billion yen burden on taxpayers.

While noting it is too early to discuss the central bank's support since a framework has not been finalized, Hashimoto said the industry might solicit the Bank of Japan's involvement at an appropriate stage.

Hashimoto also said agricultural financial institutions, the largest collective creditor to the housing loan companies, will be asked to shoulder "due burdens" under the planned framework involving all financial institutions.

Farm financiers are to put up 530 billion yen for the government scheme for jusen liquidation, compared with 3.5 trillion yen charged on founder banks of the housing loan companies and 1.7 trillion yen shouldered by nonfounder banks.

They argue 530 billion yen is the utmost burden they can bear. But it is suspected that the government passed another 685 billion yen, which should have been dished out by farm banks, on to taxpayers to keep the fragile institutions from going under.

Hashimoto, however, said he does not believe agricultural financiers should be responsible for all of the 685 billion yen under the framework for extra commitments.

Last Friday, the lower house passed four bills for addressing future failures of financial institutions, along with two jusen- related bills.

Hashimoto welcomed the development, saying the four bills are "highly necessary" because they provide a comprehensive framework for stabilizing Japan's financial system.

But he took issue with one of the bills which calls for monitoring capital adequacy ratios so as to take corrective measures at an early stage to restore the health of problem financiers.

Hashimoto said the bill lacks detailed standards for invoking corrective steps and fails to specify what the measures will involve. He urged the Finance Ministry to establish objective rules and apply the system fairly.

Japan: Toyota To Increase Foreign Parts Procurement

OW0806110396 Tokyo KYODO in English 0921 GMT 8 Jun 96

[FBIS Transcribed Text] Nagoya, June 8 KYODO — Toyota Motor Corp. is stepping up procurement of parts overseas to cut costs, company officials said Saturday [8 June].

In the past four years, the nation's largest automaker has seen its procurement costs decline by some 20 percent, they said.

This is equivalent to a reduction of prime costs by tens of billions of yen or more, analysts said.

With a similar step also taken by Japan's second biggest automaker, Nissan Motor Co., the inflow of foreign parts is expected to affect domestic parts makers, the analysts said.

In its cost-cutting drive, Toyota has employed a computer system that can immediately compare prices of necessary components on a global basis.

Since August 1995, the Toyota database has stored information on prices of parts supplied by U.S., European, Australian and other foreign manufacturers as well as domestic makers, the officials said.

Data on more than 40,000 kinds of U.S. auto parts, for example, can be retrieved in an instant under the system, the officials said.

Thanks to this system, Toyota bought 5.69 billion dollars worth of u.S.-made auto parts in fiscal 1994 to March 1995, up 22 percent from the previous year.

Toyota is also trying to unify same parts for different automobiles and reduce the number of parts used in its vehicles, the officials said, noting these measures resulted in a cut in prime costs by 130 billion yen in fiscal 1995.

"This was a big cost reduction, which was unthinkable in the past. The move is expected to force suppliers to be more sensitive to costs," a company official said.

Japan: Article Discusses Impact of Okinawa Election on SDP

OW1206044296 Tokyo ASAHI SHIMBUN in Japanese 11 Jun 96 Morning Edition p 2

[FBIS Translated Text] As a result of the Okinawa Prefectural Assembly elections, in which the Liberal Democratic Party [LDP], which is an opposition party in Okinawa, lost many seats and ruling parties managed to gain majority seats, the Hashimoto Cabinet will be pressed to have tough negotiations with the Okinawa side on the U.S. military base issues. At the prefectural level, the Social Democratic Party [SDP] will be required to play more of an "intermediary" role.

The SDP itself, mindful of the election results, will have to pay more attention than before to Okinawa's position under a policy of "materializing what Okinawa wants as a member of the coalition parties" (General Secretary Kanju Sato). But it can be predicted that during the course of putting finishing touches on efforts to settle the issue regarding forced extension of land lease contract for use by the U.S. forces and the issue of relocating a heliport from Marine Corps Air Station Futenma, coordination between the LDP and the SDP would face rough going.

Asked about the election results, Prime Minister Ryutaro Hashimoto told reporters on 10 June that "the result is tough." Following a liaison meeting of leaders from the government and ruling parties held later in the day, "twisted strength of the ruling parties and the opposition camps" between the central and the prefectural governments came into question. LDP Secretary-General Koichi Kato told a news conference held later in the day that "We would like to promote mutual understanding with the Okinawa side via the SDP."

Considering that obtaining satisfactory results in the prefectural assembly election will lead the Hashimoto Cabinet to take an advantageous position in dealing with the military base issues, the LDP supported the local election campaign. However, because the party lost five seats, it will have no choice but to rely more on the SDP, which has deep relationship with Governor Masahide Ota, in promoting negotiations with the Okinawa prefectural government.

However, ironically, the SDP failed to increase its seats because of its shift in policy to "firmly maintaining Japan-U.S. security pact," despite the fact that other reformists ruling parties increased seats. With this fact in mind, SDP General Secretary Sato met Prime Minister Hashimoto and Chief Cabinet Secretary Seiroku Kajiyama on 10 June and asked them to consider Okinawa's demands about the issue regarding relocation of a heliport from Futenma, saying: "It is necessary to take measures to prevent Okinawa people from considering relocation as construction of another military base."

The SDP, with its eye on the next general elections, intends to have its presence in the Cabinet. The election has made it clear that if the SDP should take a pro-government stance as a member of the ruling parties, votes of "anti-base" reformists tend to go to the communist party.

If the SDP continues to push "Okinawa's position" in dealing with the issue concerning the governor's signing of military base-related documents in place of landowners and the government's move toward establishing new legislation designed to quicken procedures for the forced extension of land lease contract, it may lead to causing a issue of how the framework of the coalition should be. In this context, there is a view that "the SDP will face a do-or-die situation in the Okinawa issue in autumn" (a senior member of the SDP Policy Board).

Japan: Ozawa Skeptical of No-Confidence Motion Against Hashimoto

OW1206001596 Tokyo KYODO in English 2309 GMT 11 Jun 96

[FBIS Transcribed Text] London, June 11 KYODO — Ichiro Ozawa, head of Japan's main opposition party Shinshinto (New Frontier Party), expressed skepticism Tuesday [11 June] about the rationale behind a motion of nonconfidence against Prime Minister Ryutaro Hashimoto's cabinet.

Ozawa told reporters in London, "I wonder if it will be effective" despite calls from rank-and-file Shinshinto members for such a motion against the five-month-old Hashimoto Government.

He said preparations must be made quickly for the next general election, which he said may come anytime after this summer.

Ozawa, reacting to criticism from former Prime Ministers Morihiro Hosokawa and Tsutomu Hata, said he hopes to hold "frank discussions" with his rivals within the party.

He flatly dismissed the possibility of a new conservative union of members of both Shinshinto and the Liberal Democratic Party, the largest partner in the current ruling coalition.

He also declined to comment on moves by Yukio Hatoyama, secretary general of New Party Sakigake and Shinshinto rebel Hajime Funada to form a new political party.

Ozawa arrived in London on Saturday after visiting the Netherlands, where he attended an international conference on political liberalism.

Japan: Hatoyama Specifies Timing of New Party Formation

OW1206103896 Tokyo NHK General Television Network in Japanese 1012 GMT 11 Jun 96

[Announcer-read report; from "NHK News 7" program]

[FBIS Translated Text] At today's news conference, Yukio Hatoyama, secretary general of New Party Sakigake, specified for the first time the timing of forming his proposed new party, saying it would be created sometime between autumn and the beginning of winter. He also indicated that the creation of a new party might have an effect on the framework of the current coalition government.

[Begin Hatoyama recording; video shows Hatoyama seated facing reporters in an unidentified room, speaking] A new party has to be formed before the dissolution of the House of Representatives for a general election. The dissolution of the house is most likely to happen in winter. Considering this, the timing of forming a new party would be sometime between autumn and the beginning of winter. [end recording]

This is the first time he has remarked on the timing of forming a new party. He said it is probably inevitable that the new grouping will affect the present government. He noted that there is a possibility that it will lead to the dissolution of the house for a general election. Hatoyama also said that he thinks politicians should not change their own policies and ideals just to stay in power. Politicians would not be able to take new actions if they stick with the positions of the ruling or opposition parties, he claimed. Hatoyama thus indicated that the formation of a new party is bound to affect the framework of the current coalition government.

Japan: Capital-Relocation Bill Said To Pass Diet by Jun 19

OW1106145496 Tokyo KYODO in English 1256 GMT 11 Jun 96

[FBIS Transcribed Text] Tokyo, June 11 KYODO — A bill to relocate the Diet building and some other capital functions from Tokyo will be submitted to the Diet on Wednesday [12 June] and is likely to pass the Diet by the end of the current Diet session June 19, coalition sources said Tuesday.

The ruling coalition parties and the main opposition Shinshinto (New Frontier Party) will jointly submit the bill to the Diet.

The joint submission has become possible because the executive council of the Liberal Democratic Party, the largest member of the three-party coalition, approved the proposed submission of the bill as agreed to Monday by the three ruling parties, as did Shinshinto.

In response to a government panel recommendation in December, the bill call for setting up a new council to select candidate sites for the relocation.

The members of the council will be appointed by the prime minister from among experts in various fields.

Selection of council members will not be easy and there will be further opposition from local politicians in the capital, observers said.

The site should be determined after comparison with Tokyo, according to the bill. It is not clear what kind of comparison will be made, according to the observers.

An LDP study group on the issue endorsed the bill last Wednesday after revising it to incorporate views by lawmakers elected from Tokyo who are opposed to the planned relocation.

About a dozen changes have been made in the original bill, including changing the wording "promoting a relocation" to "considering" the program.

Japan: Hashimoto's Cabinet Appointments Said Well-Calculated

962B0052A Tokyo SEIKAI SHUNJU in Japanese Mar 96 pp 32-37

[Article by Asao Yamaguchi, political commentator]

[FBIS Translated Text] **Appearance of Key Man Kajiyama**

The Hashimoto Cabinet has been born and there also has been a pause in the Cabinet support rate surveys by various media companies. There was a considerable margin in the survey results, but they ranged from a 50-percent to 60-percent level and marked the highest support rate following the Hosokawa Cabinet. It was a reaction to the Murayama Cabinet which yielded a gasping-low support rate. But even though it is a coalition regime, it has been given a certain sense of stability by the president of the largest party, the Liberal Democratic Party (LDP), becoming prime minister.

Ranking first in all of the surveys on the expectations of the Hashimoto Cabinet was "economic measures."

However, the budget proposal for this fiscal year was compiled by the Murayama Cabinet and the Hashimoto Cabinet has the obligation of getting it approved. Therefore, they must take over the economic policy of the Murayama regime for the time being. It is true that there was a businessman who said, "the greatest economic measure was the resignation of Prime Minister Murayama," and logically speaking, it might be called an economic measure.

It cannot be said that there have been no bright signs such as the low yen trend in the exchange rate since the end of last year, the stock market climbing to the 20,000 yen level, or vigor finally beginning to be seen in the economy. In addition, since there are decidedly not a few factors of psychological influence in the economy, it probably is a possibility that the change from the Murayama Cabinet to the Hashimoto Cabinet early at the beginning of the year also will become a plus factor.

However, the road ahead for the Hashimoto Cabinet is not smooth. A clash between the ruling and opposition parties is anticipated on various issues including the housing loan company's bailout issue that has been criticized by the public and summoning of Daisaku Ikeda, the chairman of the Soka Gakkai, at the Diet. Ichiro Ozawa, who became the party head of the Shinshinto undoubtedly will force a showdown to enhance the united force of the party. It is a matchup of persons where the prime minister and head of the opposition party had been leaders of the Keiseikai (Takeshita faction), but since it is a confrontation of fellow party members who know each other's skills, it is anticipated that it will become that much more extreme. The future political situation truly is unpredictable.

The one who has appeared as the key man to support the Hashimoto regime is Chief Cabinet Secretary Seiroku Kajiyama.

Kajiyama has won election eight times, three times less than Prime Minister Hashimoto, but he is 11 years senior in age. In Cabinet experience also, he has been appointed as minister of home affairs, international trade and industry, and justice, and also having served as secretary general of the LDP, he is indeed a "great chief cabinet secretary."

For that reason, some have been heard to make sport of it as the Hashi-Kaji Cabinet. It cannot be denied that the movements of Chief Cabinet Secretary Kajiyama have given subtle influence to the Hashimoto regime.

Kajiyama was born on 37 March 1926, the tenth child of a family of six boys and four girls in Hitachiota city, Ibaraki Prefecture. After Ibaraki Prefectural Ota Middle School, he enrolled in the Army Flight Officer School (59th class), but the war ended before he graduated. For that reason, he enrolled in a civil engineering course in the School of Engineering at Nihon University and graduated in March 1949. He returned to his hometown and in April 1955 when he was a managing director of Hitachi Marble, he ran in the prefectural assembly member election in the local unified elections and won. He was 29 years old. He was elected to the prefectural assembly for four consecutive terms and was chosen to be speaker of the assembly in 1967. He was 40 at the time and attracted attention as the youngest speaker in the nation.

At the time of the general election in December 1969, he was persuaded to run as a candidate by Kakuei Tanaka, who had become secretary general of the LDP at the time, and won his first campaign superbly. He was not yet in the Tanaka faction at the time, but Ichiro Ozawa, Keiwa Okuda, Tsutomu Hata, and Tamisuke Watanuki of the Tanaka faction were in the same term group of winners.

Highest Line-Up in 3-Party Coalition

Having won his second election, he was selected to be deputy chief cabinet secretary which is said to be the gateway to success for young Diet members in the second Tanaka Cabinet in 1974. The chief cabinet secretary was Noboru Takeshita.

At the time of the general election in December 1976 which was his third election, however, the affectation of supporting Kakuei Tanaka who had been arrested in the Lockheed incident did him harm and he experienced his only election defeat. The loss of an election at this time should have been a considerable minus factor in the LDP where being elected a number of times has supremacy. After spending two and a half years in limbo, however, he blossomed again in the 1979 general election.

He spent two and a half years with his characteristic power of action and study. He became chairman of the Commerce and Industry Subcommittee of the Policy Research Council in 1980, served for three consecutive terms, and has come to be called the expert in international trade and industrial policy. In 1983, he became chairman of the lower house Standing Committee on Commerce and Industry and has become a leading figure as the central person in the LDP commerce and industry zoku.

When the "Soseikai" was formed in February 1985, he became the secretary general. The situation within the Tanaka faction became chaotic when Kakuei Tanaka tried to crush Soseikai. Kajiyama was then called the "Combat Man" who manuevered around as an de-facto leader. His nickname has been "Combat Man" ever since then.

In 1988, he joined the Cabinet for the first time as minister of home affairs when the Takeshita Cabinet was born. He was appointed minister of international trade and industry in the Uno Cabinet in 1989, but it was short-lived. In 1990, however, he joined the Cabinet for a third time as minister of justice in the second Kaifu Cabinet. In December of that same year, he became chairman of the Diet Policy Committee. The chairman of the SDPJ Diet Administration Committee at the time was Tomiichi Murayama. The friendship between the two began mounting from this time.

In April 1992, he was again appointed chairman of the Diet Policy Committee under the Miyazawa regime. It was due to the earnest request of Shin Kanemaru who was the LDP vice president and supporter of Prime Minister Miyazawa at the time since he had a big pipeline with the opposition parties and his strong-arm style was highly valued. He became secretary general in December of that year. It was because he had solidified his position as a strong man in both name and in person. The rumor is that Kajiyama wanted the post of secretary general in the past, but Ichiro Ozawa, who was wary of Kajiyama, had blocked it each time. However, a power struggle in the Keiseikai (former Takeshita faction) started ever since Shin Kanemaru resigned as a Diet member because of the scandal involving him. Kanemaru accepted 500 million yen illegal contribution from Sagawa Kyubin, and he was met with the Ozawa-Hata group's opposition. A vote of no-confidence in the Miyazawa Cabinet was passed due to the rebellion of the Ozawa-Hata group. And an end came to LDP single-party rule.

Kajiyama believed that "responsibility for the party split lies with the secretary general," and Kajiyama did not accept any public post after that.

The LDP was forced to live as an opposition party for about a year when the Hosokawa coalition regime and the Hata regime were born. When the minority ruling party Hata Cabinet deadlocked, he worked to create the LDP-SDPJ-Sakigake coalition regime and was the one person who persuaded them to appoint Murayama to prime minister.

In the LDP presidential election in September last year, he became the driving force for the realization of Ryutaro Hashimoto as president, building up a consensus within the party on the basis that the LDP was defeated in the July upper house election, but "Hashimoto is going to be a president who can win in an election." Ever since then, he has been called the guardian of President Hashimoto; he has worked on Hashimoto's resignation as minister of international trade and industry and devoted himself to the presidency. However, it also was realized unexpectedly by the resignation of Prime Minister Murayama.

It is said that the appointment of Kajiyama as chief cabinet secretary was due to the recommendation of former Prime Minister Yasuhiro Nakasone, but actually it was none other than an awareness of Shinshinto party chief Ozawa. Both Hashimoto and Kajiyama have formed a scrimmage to confront the Shinshinto, but it probably can be said that it is the highest line up conceivable under the LDP-SDPJ-Sakigake three-party coalition government.

Prime Minister Enthusiasm In Justice Minister Personnel Matter

In a different sense from Chief Cabinet Secretary Kajiyama, Prime Minister Hashimoto schemed most for the appointment of a female civilian. The enthusiasm of the prime minister is evident in that he dared to secure a cabinet minister within his bounds as prime minister.

Justice Minister Ritsuko Nagao is the first female civilian cabinet minister in about two and a half years since Education Minister Yoshiko Akamatsu presence in the Hosokawa Cabinet.

She is 62 years old, born in Tokyo on 1 May 1933. She graduated from the Tokyo University School of Education in 1958, passed the Government Officials Senior Grade test and joined the Ministry of Health and Welfare (MOHW) in April of that year as the number one female career officer. Hisami Kurokochi of the Ministry of Foreign Affairs (MOFA) and Ginko Sato of the Ministry of Labor (MOL) are in the same class and were famous as the "1958 group of flowers."

She was mainly in charge of pension administration at MOHW and even was called "Pension Nagao." In the days of Health and Welfare Minister Takao Fujiwara in 1988, she was appointed director of the Children and Families Bureau as the first female bureau director. In March 1991, she finally resigned as director of the Social Welfare Bureau. It was to run as a proportional district candidate for the LDP in the 1992 upper house election.

At that time also, thanks to Hashimoto's favor who has had experience as minister of health and welfare and reigned as the man of power in the social welfare-labor zoku, she was promised a high ranking in the proportional district and was said to be a candidate of the former Keiseikai.

However, during a meeting of the lower house Budget Committee, the SDPJ accused that "ex-bureau director of MOHW was involved in political activities by recruiting association members." In response, then Minister of Health and Welfare Tokuo Yamashita acknowledged that the ex-bureau director was indeed violated the regulation. Yamashita was forced to apologize, and Nagao was affected by it later and her ranking for the proportional district was lowered in the roster.

Speaking of female cabinet members so far, there have been some who were picked from the private sector, such as Sumiko Takahara, but almost all that have been appointed were those with experience as the director of the MOL Women's Bureau. It is not strange that Prime Minister Hashimoto, who has influence in MOHW and cultivated a broad network, had Nagao at the top of his list for a female cabinet member.

The application of the Anti-Subversive Activities Act to the Aum Shinrikyo which attracted attention commenced in the days of previous justice minister Hiroshi Miyazawa and for the time being, there is no problem that the leadership ability of the justice minister particularly will be sought. As the person responsible for the administration of judicial affairs, the issue for Justice Minister Nagao is how to maintain a sense of stability as a law-abiding nation. It is whether she will proceed with the administration of judicial affairs in a form that is not estranged from the common sense of the people. There is merit in the first female justice minister all the more for giving peacefulness to the people.

As a matter of fact, Justice Minister Nagao has shown a sensitivity for the people and is responding to their needs. In addition, at a press conference at the time that she was appointed justice minister, she said upon asked for a statement on the death penalty system, "There are many heinous crimes and there also are many affirmative opinions among the people," expressing sentiments which follow the previous administration of judicial affairs.

As might be expected, just in being an elite female cabinet member, she gives the impression of perfect steadiness and has been accepted warmheartedly by the justice bureaucracy.

Finance Minister Kubo Was Recommendation By Takeshita

Chief Cabinet Secretary Kajiyama and Justice Minister Nagao exist as family for Prime Minister Hashimoto. That point clearly shows the reality of a coalition government, but Wataru Kubo, who was secretary general of the SDPJ (currently deputy chief of the SDPJ), joined the Cabinet as deputy prime minister and finance minister.

In the formation of this Cabinet, public criticism was received by the decision to introduce public funds (tax money) in the disposition of home loan companies and the Shinshinto has been trying to use that as a lever for pursuing the government, and it was a strange development that there was no one from the LDP to become finance minister. That is because the foundation of the Hashimoto regime inevitably will shake depending on the handling of the finance minister. Moreover, there are the details that Hashimoto was the finance minister at the time when seven home loan companies were excluded from being subject to the regulation when the total amount regulation was made for real estate-related financing by financial institutions.

All the more because of that, the finance minister will be unfit unless he is well-versed in financial affairs. He must be a controversialist who can cross swords with offensives by opposition parties such as the Shinshinto and Japan Communist Party. The one who recommended Kubo to Prime Minister Hashimoto as the right man was former Prime Minister Noboru Takeshita.

Kubo is 67 years old, born in Aira-cho, Kagoshima Prefecture, on 15 January 1929. Like Chief Cabinet Secretary Kajiyama, the war ended while he was attending the Army Officer's Training School. He also has the relationship of his father having been a career soldier and it is said that he enrolled in the Army Flight Officer School dreaming of "a future as a general."

However, he studied at Hiroshima University of Humanities and Science and worked for 11 years as an instructor of Western history within his home of Kagoshima Prefecture parallel with carrying out teacher union activities. In 1963, he ran in the prefectural assembly election when he was chairman of the prefectural high school teachers' union and won. After three terms in the prefectural assembly, he ran as a candidate from the Kagoshima Electoral District in the July 1974 House of Councilors election and won. Currently, it is his fourth term.

Kubo was the limelight during the "Consumption Tax Diet" sessions seven years ago. The three parties of the SDPJ, Komeito, and Democratic Socialist Party (DSP) in the upper house created a bill to abolish the consumption tax and it was Kubo who became the proposal sponsor. He was challenged by verbal blows from the LDP in the Upper House Special Committee on the Tax System and Kubo withstood them splendidly. The prime minister at that time was Takeshita. He was the birth parent of the consumption tax. Takeshita's evaluation of Kubo as a fiscal expert probably was due to the impression he made at this time.

Kubo also had been the finance minister in the SDPJ's "shadow cabinet." The shadow came outside, but it is no exaggeration to say that it is the first case where the efficacy of a shadow cabinet has been proved.

However, the Ministry of Finance (MOF) has a mountain of problems including the home loan company problem, such as economic countermeasures, financial reconstruction, and bureaucratic scandals. There even has been an argument for dismantling the MOF. The finance minister appointment is called "like picking chestnuts from the fire." Moreover, in the case of Kubo, he is virtually marching alone among the MOF bureaucracy which has a soul with a sense of eliteness regardless of having lost authority. It is natural to bring unrest.

"Kubo consented to be finance minister because he has self-confidence. His defiant attitude also is known and he has strong tenacity. I hardly think that he will fail." (close associate of Kubo in SDPJ)

It is said that Finance Minister Kubo also is thinking that it is a splendid chance for increasing the political evaluation of SDPJ Diet members.

Minister of Foreign Affairs Ikeda Expert On Security Policy

It was Yukihiko Ikeda who was appointed to emphasize maintenance of U.S.-Japan security and continuance of foreign relations. Hashimoto had intended from the outset to appoint the minister of foreign affairs from the LDP. The foreign minister is one of the most important posts, embracing difficult problems such as the issue of U.S. military bases on Okinawa.

Ikeda is 58 years old, born in Kobe in May 1937. His legal residence is in Takehara city, Hiroshima Prefecture.

He has taken the typical elite course of this generation from Metropolitan Hibiya High School to Tokyo University Law School to MOF. He joined the MOF in April 1961. He began service in the Secretariat Archives and Document Section which is the typical course for the career group, and was transferred to MOFA after serving as chief clerk of the Financial Section, Financial Division, of the Chugoku Regional Finance Bureau. For about four years starting in 1964, he had experience being in charge of international financial relations chiefly in New York as consular assistant and vice consul at the New York Consulate.

In May 1969, after returning home from New York, he married Kazuko, the eldest daughter of former Prime Minister Hayato Ikeda. His destiny to become a politician was set by becoming a son-in-law in the Ikeda family. Later, after serving as chief examiner of the Budget Bureau (in charge of MITI and MOFA) and chief of the Customs Department of the Hiroshima Regional Tax Administration Bureau, he served as private secretary to Finance Minister Masayoshi Ohira (former prime minister) in 1974, and resigned from MOF the next year in May 1975 to begin election preparations. He ran in the 1976 general election in the form of inheriting the base of the deceased Ikeda and won his first campaign. Since then, he was won election for seven consecutive times.

With his fourth election win, he was chosen director of the party's Finance Bureau and after serving as chairman of the Lower House Committee on Finance with his fifth win, he was appointed director general of the Management and Coordination Agency in the Uno Cabinet, but it was short-lived. He further became director general of the Japan Defense Agency (JDA) in the second Kaifu Cabinet reshuffle.

In his days as JDA director general, he dispatched minesweepers of the Maritime Self Defense Force to the Persian Gulf after the Gulf War and assigned them to remove mines. It was the first case for the Self Defense Forces of Japan to be dispatched for an international peace-keeping organization.

Moreover, he has been involved in the creation of related bills for cooperating in UN peace-keeping operations (PKO) and has been deeply involved in security policy.

Because of this experience, he has served as acting chairman of the Security Research Council of the party and even has come to be called the Security zoku. It goes without saying that in this appointment to foreign minister, his position as a policy expert on security problems has been valued.

Upon his appointment, Foreign Minister Ikeda, along with clarifying his position that "we re-affirm the U.S.-Japan security system and both countries must endeavor to achieve its objectives fully," stated that he is in "no mood for achieving distinction," emphasizing his intention for discharging his duties in a natural form.

Foreign Minister Ikeda went to the United States early in the middle of January and began the act of laying a foundation in preparation for Clinton's trip to Japan in April.

Prime Minister Hashimoto also has a network of prominent U.S. citizens through his trade negotiations and also prides himself as an expert on the United States. It will be, therefore, easy to act in concert with Foreign Minister Ikeda.

Harsh criticism has been heard from some quarters that it is an election management cabinet until the lower house is dissolved, but it should be called a cabinet with well-calculated appointment of talents.

Japan: Power Rotation of Coalition Government Criticized

962B0050A Tokyo THIS IS YOMIURI in Japanese Mar 96 pp 80-85

[Article by Taro Yayama]

[FBIS Translated Text] **Enough Of The Power Rotation**

At a news conference after the first Cabinet meeting, Deputy Prime Minister and Minister of Finance Wataru Kubo was asked, "What is the frame of mind of a political party that fought an election against the Liberal Democratic Party (LDP) two and a half years ago for having an LDP prime minister?" He answered awkwardly, "It is because this is a coalition era." Being a coalition era does not excuse any combination of political parties.

The Hosokawa regime was comprised of political parties that offered "establishment of a non-LDP government" in the general election. It can be said that it was a regime that embodied the public consensus. The following Hata regime also was a government that inherited that. However, Masayoshi Takemura, the head of the new party Sakigake and Tomiichi Murayama, the chairman of the Socialist Democratic Party of Japan (SDPJ), left the government and created the Murayama regime joining with the LDP which fervently wanted to be reinstalled into power.

This was nothing less than a true Machiavellian regime divorced from public consensus. Nevertheless, there was some reason for the Murayama regime to continue until January 1995, the conclusion as everyone knows of the period for the division of districts under the new election system. Prime Minister Murayama should have held a general election under the new system at this point in time. However, he allowed the regime to continue for the reason that "a political vacuum cannot be permitted," and he remained in power, saying that "Local elections in April and the House of Councilors election in July will be a chance to query public consensus."

However, even though both the SDPJ and LDP received a defeat in these two elections, neither a resignation, dissolution, nor general election was carried out. Ultimately, the premiership was yielded to Ryutaro Hashimoto of the LDP this time and a "power rotation" was conducted. In the era of LDP one-party regimes, the SDPJ had criticized the performance of alternating prime ministers within the LDP as a "power rotation." What should this rotation of power be called but none other than a Cabinet with the objective of maintaining power by the three parties of the LDP, SDPJ, and Sakigake, and it must be called a government divorced from the wishes of the people.

Italy held elections essentially under a proportional system in units of provinces after the war, but this proportional system created a multi-party system and it was a situation where over 50 parties flooded the lower house. The government inevitably became a coalition regime and the Christian Democratic Party which was the number one party and parties that were number three or below such as the Socialist Party, Republican Party, or Social Democratic Party formed a government, excluding the Communist Party which was the number two party.

Like the LDP of Japan that was corrupted by being the perennial party in power, the Italian coalition parties in power also were terribly corrupted. In order to destroy this political corruption situation, Italy held a national referendum in April 1993 and the proposal first of all to abolish the proportional system in the upper house and introduce a small electoral district system was approved by 82.7 percent. Accepting this, deliberations were begun on the election system in both the upper and lower houses and in August of the same year, both the upper and lower houses decided to adopt a combined small electoral district and a proportional representation system. It is exactly the same system as the new Japanese system, but as opposed to Japan whose small electoral district portion is 60 percent (300 Diet seats), Italy has a larger small electoral district portion with 75 percent.

An election based on the new system was held eight months later in March 1994. The results were that of the 630 legislative seats in the lower house, the right wing coalition got 366 seats, the left wing coalition got 213, the middle-of-the-road coalition got 46, and the rest got 5.

The point in which Italy's combined system differs from Japan is that a nationwide aggregate total is made in the lower house proportional representation districts and political parties that have less that 4 percent are not allotted a proportional seat or in other words, are regarded as zero. There were seven parties that were allotted Diet seats in the election. Italy's combined system is a system that puts more weight on the small electoral district portion than the combined system of Japan, but the Italian example probably suggests the situation of Japan's next general election.

Concept Of Priority To Party Interest Platform

If a new election system is created, it is common sense to hold a public consensus as soon as possible based on that. However, Secretary-general Koichi Kato of the

LDP is saying that "an election will be in the fall or thereafter at the earliest." This concept is forgetting the principle of why the election system was reformed and gives priority to the platform of party interest.

The intention of both the LDP and SDPJ to put off a general election is solely due to fear of losing power.

After the general election under the new system in Italy, Berlusconi of the right wing coalition became prime minister, but he resigned due to allegations of graft, inaugurating the Dini[?] Cabinet by a non-legislator and hastening the disposition of mounting issues. If a second general election were to be held, reorganization of the political world again probably would be accelerated further.

"Desertion Before The Enemy"; Not Change Of Public Sentiment

The change of the electoral system was solely to liquidate the previous state of the political world. The sooner the better for that liquidation. The stagnation of the economy also is one factor in the halting of political functions. Before budget deliberations, Prime Minister Murayama rotated power in the name of "a change of public sentiment," but this was nothing more than desertion before the enemy, not a change of public sentiment. If he felt a need for a change of public sentiment, it probably would be logical to have an election. If they want to continue the LDP-SDPJ-Sakigake regime, they should try asking the people how they feel about the coalition.

Finance Minister Kubo stressed legitimacy of power for the reasons why a government coalition by three parties was made, but "agreement on policy" is nothing more than the shelving of the ideological differences of each party and the search for common items on immediate policy. They must clarify what kind of nation the party is trying to build and their political and economic ideology and present immediate policy based on that ideology. The qualifications for being in charge of government are generated for the first time by obtaining public support on that national image and the methods.

The plain and simple political goal of "protecting a free society" existed in the LDP up to the demise of the Cold War. The people supported them because of the very fact of believing in the correctness of that goal. That goal, however, became out-of-date when the Cold War ended. Other parties have come into existence that will protect a free society.

The SDPJ had the goal of "building a socialist society," but it seems that somehow or other they have abandoned that.

It has not been known at all from the beginning what the aim of the new party Sakigake is.

Consequently, the three parties of the LDP, SDPJ, and Sakigake have been trying to be in charge of a government with none of them having political goals. Hence it is a government with the objective only of maintaining the regime.

It probably is clear looking back at the Murayama regime for the past year and a half how the coalition government has exerted harm on politics.

More than 6,000 people lost their lives in the big Hanshin earthquake. If the prime minister had set out "extra-legal measures" and called in the self defense forces from the land, sea and air, probably thousands of lives would have been saved. This blunder is the result of Murayama's lack of the temperament indispensable for a politician of "being decisive."

Inherently, there is no perception of things such as crisis management in the SDPJ. They have advocated non-armed neutrality policies for that very reason, but crises are not just attacks from foreign enemies. As seen in the earthquake and sarin incident, crises always are latent at home and abroad. Hyogo Governor Kaibara also was equally guilty, but just having no concept of moving the SDF increased the damage to no purpose. As a result of leaving the handling up to bureaucrats in emergency situations, the rescue of lives was delayed by inane factors such as not excusing the quarantine of rescue dogs and not honoring the licenses of foreign doctors.

Although what happened is regrettable, it cannot be helped, but the question is whether or not a position has been taken that can deal with it when the same thing happens the next time. Makeshift measures were adopted for "flexible application" of SDF disaster dispatch, etc., but in emergency situations, it is limited to a set time of 48 hours or 72 hours for the prime minister and basic problems such as "emergency powers" where he can command the bureaucracy were not touched on at all. The lesson of the disaster has not been put to good use at all and the SDPJ predisposition toward an allergy to the SDF as not changed at all.

Tacit Approval of SDPJ Way of Viewing History

Prime Minister Murayama's talk on the anniversary of the end of the war last year unilaterally judged the modern history of Japan as "aggressive" and "colonial rule" due to "a mistake in national policy." The thought behind that is the view of Tokyo court history and the Marxist view of history. The LDP has tacitly approved Murayama's SDPJ way of "condemning" history, but this probably is clearly different from the LDP view of history.

The ruling party agreed to disregard the speech of Director General Eto of the Management and Coordination Agency, but Chief Cabinet Secretary Nosaka's statement that they would "decide upon seeing the attitude of the South Korean Government" was just like they were expecting South Korea to get angry. Ultimately, they forced Eto to resign upon sustaining anger from South Korea per the expectation of Nosaka, but this was none other than forcing the SDPJ view of history upon the whole cabinet.

There has never been a cabinet in the history of constitutional government which resigned en masse before preparing a budget and presenting it to the Diet. When the prime minister fell ill at the time of the Tanzan Ishibashi Cabinet, Deputy Prime Minister Nobusuke Kishi became acting prime minister and made the keynote address to the Diet. The acts of the Murayama Cabinet are truly a blemish in the history of constitutional government.

The greatest issue in the FY96 budget was the issue of the disposition of home loan companies. The disposition of home loan companies was the disposition policy handled by Finance Minister Takemura. Reference often was made to the disposition policy of the United States in the failure of savings and loan associations, but the U.S. commitment of public funds was for the protection of individual depositors. Moreover, the criminal responsibility of all the management officers of the failed associations was pursued and so far, 5,500 people have been found guilty. As opposed to this, individual depositors do not exist in the Japanese home loan companies and the ones rescued by public funds were the managers who should bear the responsibility for the failure. Can such absurdity be permitted?

Moreover, Prime Minister Murayama and Finance Minister Takemura, who are the responsible persons in question, have abandoned the budget proposal and left the Cabinet.

At the end of last year when Takemura sanctioned the resignation of Administrative Vice Minister Kyosuke Shinozawa, he declared regarding his own course of action that "Surmounting the housing loan company problem is the way to take responsibility as a politician." After the announcement of Murayama's resignation, however, he blurted out that "if I return to the party, I shouldn't have to answer in the Diet," and he was criticized by Director General Miyazaki of the Economic Planning Agency as "isn't that irresponsibility?"

If it Were a One-Party Government, They Would Lose Power

The very fact that such irresponsibility and absurdity have gone unchallenged is characteristic of a coalition regime. If this were a single-party government, that political party probably would sustain enough damage to lose power.

It was a conference at an Izu hot springs resort on the evening of 29 December last year when Prime Minister Murayama and Finance Minister Takemura finally solidified the resignation of the Cabinet en masse.

Prime Minister Murayama probably was concerned that 1) he had no confidence in surmounting the housing loan company problem and economic problems and 2) if he stalled, Takemura would resign or if he blundered, there inevitably would be a resignation en masse in exchange for the budget. In addition to this, he also undoubtedly had the intention of wanting to concentrate on changing the garb of the SDPJ or creating a new party.

While Takemura also wanted to escape from the housing loan companies, it seems that he also has intentions of creating a new party with himself as the leader. In the next election, it will be extremely difficult to form a third pole, as seen in the case of Italy. Currently, there are 23 Sakigake House of Representatives Diet members (an additional 3 in the House of Councilors). It is said that about 5 of them have prospects of winning in election cooperation with the LDP, but if they join the LDP after the election, they will have almost no followers.

Therefore, it is said that Takemura's scheme is a merger of the Sakigake and SDPJ. In Murayama's view, just replacing the placard with SDPJ will not "mass a broad force." The intention is that it will broaden if Takemura is at the head of a new party.

If a general election were held at the present point in time, it is calculated that the SDPJ would be annihilated in the small electoral districts, but probably take 35 to 40 seats in the proportional portion. Moreover, if the right wing Kubo is locked up as minister of finance, the left wing will have a monopoly. It is said that Murayama's intention is to put a long list of the left wing in the proportional roster and oust the right wing.

If a "Social New Party" is created essentially of the left wing with Takemura as the party chief, Sakigake Diet members characterized by having conservatism as their base probably will return to the LDP. Inherently Takemura has a career that spans from the JCP to JSP to LDP to Sakigake, but he is a person who clearly fits into either the right or left like a "work glove." For Takemura, there probably substantially will be no sense of incompatibility if he becomes the party chief of a socialist party left wing.

Coalition Alignment Not Related To Ideology

The LDP cannot ignore the "third pole" of a Murayama-Takemura alliance because they do not have confidence that they will be able to get a majority (251 seats) independently. The priority issue for the LDP is to "absolutely not let go of power." Consequently, even if there are differences in political or economic ideology, they must pursue a coalition alignment with the SDPJ and Sakigake or a "new party."

The LDP appointed Ryutaro Hashimoto to president instead of Yohei Kono because they have been dissatisfied with Kono's position as if permanently aiming for an LDP-SDPJ government. Since Hashimoto also gives priority to maintenance of power, however, basically there has been no change from the Murayama regime.

Previously many people have been seen as part of the conservative mainstream in the LDP, but it is the leaders who will control the party when it becomes a small electoral district system. It seems like those leaders are aiming for a merger rather than a coalition with the SDPJ and Sakigake.

If that is true, the current coalition government must orient itself to "big government." The Murayama regime started with a cry for relaxation of regulations, but the results that should have been seen are naught. We shouldn't expect any big surgery in the Hashimoto regime such as a review of the governing mechanism or a change in the economic system.

North Korea

DPRK: 'Kim Yong-sam Group' Denounced for 'Brutal Suppression'

SK0806035396 Pyongyang KCNA in English 0327 GMT 8 Jun 96

[FBIS Transcribed Text] Pyongyang, June 8 (KCNA) — The secretariat of the Committee for the Peaceful Reunification of the Fatherland issued information No. 715 on June 7 denouncing the Kim Yong-sam group for their recent brutal suppression of forces for independence, democracy and reunification.

The secretariat calls attention to the fact that South Korea is in the whirlwind of "new security-oriented rule" designed to strangle forces for independence, democracy and reunification, including students, workers and peasants who take the lead in the anti-"government" [quotation marks as received] struggle.

It goes on to say:

The brutal suppression under the "new security-oriented rule" in South Korea is a last-ditch effort to repress patriotic forces of pro-reunification democratic movement and bridge over the crisis of the "civilian"-veiled fascist dictatorship allegedly to prevent the riot of "left-wing forces".

By the "left-wing forces" the fascist clique refer to the patriotic forces fighting for independence, democracy and reunification, and the "pro-communist act of benefiting the enemy" is a pretext invented to put them down.

It is quite natural that the patriotic forces of South Korea are struggling for the right to existence and national reunification against the "civilian" fascist dictatorship and irregularities and corruption. The struggle is not conducted at the instructions of the North nor manipulated by it behind the scene, but is based on their own judgement and resolution.

The present rulers of South Korea are cracking down upon champions of great national unity and national reunification, linking them with the North on the basis of the far-fetched argument that they are "pro-communist elements benefiting the enemy." This only goes to prove that they are seeking inter-Korean confrontation, setting themselves against the reunification of the country.

The South Korean rulers should put an immediate halt to the fascist "new security-oriented rule" and stop suppressing the forces of the democratic pro-reunification movement.

DPRK: ROK Criticized for Arresting 12 on NSL Violations

SK0806044696 Pyongyang KCNA in English 0427 GMT 8 Jun 96

["Challenge to People's Aspiration for Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 8 (KCNA) — The Kim Yong-sam fascist clique on Wednesday [5 June] imprisoned twelve members of the United Front for the Liberation of Workers, the Youth Association for the Country and the North and South Kyongsang Provincial Preparatory Committee for the Socialist Workers' League of South Korea, on charges of violations of the "National Security Law [NSL]".

Those members have propagated the chuche idea, the proposal for reunification by means of confederacy and the leftist ideology among workers and students.

However, the fascist clique are branding their activities as "benefiting the enemy".

Commenting on it, NODONG SINMUN today says the arrest is part of the premeditated moves to stifle the patriotic, pro-reunification democratic forces in South Korea and it is an unpardonable challenge to the entire fellow countrymen aspiring after peace and reunification of the country.

The author of the commentary further says:

The outrageous, fascist crackdown upon the pro-reunification democratic forces is no more than a last-ditch effort of those who are confronted by a serious crisis of rule.

The repressive offensive by the puppet clique against the pro-reunification democrats will only result in precipitating their doom.

The Kim Yong-sam group must immediately discontinue the fascist crackdown upon youth and students and other people calling for the reunification by means of confederacy and set free all those whom they have imprisoned on false charges of connection with the North.

If they refuse to do so, they will have to pay dearly for their crime.

DPRK: KCNA Reports Students' Antigovernment Rallies in Seoul

SK0906062096 Pyongyang KCNA in English
0558 GMT 9 Jun 96

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — Students in Seoul held anti-"government" rallies and demonstrations on June 7, according to a report.

More than 200 students of Yonsei University held a rally for honoring the memory of student Yi Han-yol, who was killed by the repressive outrages of the fascist clique, at which they expressed burning resentment at the murderers.

At the end of the rally, they staged a demonstration, strongly denouncing the fascist clique for bestially killing their fellow student who rose up in the righteous struggle.

Students of Konkuk, Hanyang, Tongguk, Myongji and other universities in Seoul also held anti-"government" rallies and demonstrations and bitterly condemned the anti-social repressive moves and irregularities and swindles of the Kim Yong-sam group.

DPRK: Hanchongnyon Chairman To Fight for Reunification

SK0906063996 Pyongyang KCNA in English
0601 GMT 9 Jun 96

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — A student Chong Yong-ki, fourth-term chairman of the South Korean Federation of University Student Councils (Hanchongnyon) was determined to fight as a vanguard in the movement for reunification, according to a report.

The present "government", like the preceding dictatorial "governments", is not abandoning the inter-Korean confrontation manoeuvres, he said, bitterly criticising the anti-reunification attitude of the Kim Yong-sam group.

He said that "Hanchongnyon" will play the role of vanguard in the reunification movement, carrying the ardent desire of the students on the basis of the achievements made in the efforts for reunification including the struggle for inter-Korean student talks and the visits of Yim Su-kyong, Chong Min-chu and Yi Hye-chong to the northern half of Korea.

DPRK: International Jurists Denounce Rights Abuses in ROK

SK1006123596 Pyongyang KCNA in English
1005 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — The international committee of jurists for democracy and human rights in South Korea published its Bulletin No. 5.

Edited in the bulletin are articles such as "The Kim Yong-sam 'Government' Has Tried Hard Not To Lose the 'Election'", "Big Trouble of Seoul" and "Necessity of the Conclusion of Peace Agreement Between the DPRK and the United States."

Noting that the "New Korea Party" of South Korea played all tricks upon the "parliamentary elections" but failed to gain a majority of seats, the bulletin said the population want replacement of the "government", which has been engrossed in irregularities.

The big trouble of Seoul is detente between the DPRK and the U.S., it said, adding that South Korea is desperately objecting to the replacement of the Armistice Agreement, adopted between the DPRK and the U.S., by a peace agreement.

The bulletin recalled that at the 52nd session of the UN Commission on Human Rights the international PEN and the International Association Against Torture denounced the "National Security Law" of South Korea and demanded the repatriation to the North of Kim In-so, Ham Se-hwan and Kim Yong-tae, who had been imprisoned for many years after they refused to be converted.

Fully disclosing scandals of Kim Yong-sam, it quoted the French newspaper LE MONDE as saying that the present South Korean regime is not such a democratic "government" as press media of the West described but a "civilian dictatorial government" far from it.

DPRK Daily Dedicates Article to ROK June 'Resistance' Anniversary

SK1106121496 Pyongyang KCNA in English 0846 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — NODONG SINMUN today dedicates an article to the ninth anniversary of the June popular resistance in South Korea.

Through the June popular resistance, the South Korean people dealt a heavy blow to the military ruling quarters seeking to maintain and prolong military fascist dictatorship and unreservedly demonstrated their indomitable will to lead a life in a unified new society free from outside forces and fascism, the by-lined article says, and continues:

Nine years have passed since the resistance, but the earnest desire of the resistants for independence, democracy and reunification has not been put into practice and the South Korean people are subjected to bigger sufferings and misfortunes under the cruel colonial fascist rule of the "civilian" dictatorship that puts the military dictatorial rule to shame.

Soon after he took office as "president", Kim Yong-sam begged for permanent presence of U.S. troops in South Korea and increased a share of the U.S. forces' "maintenance expenses" systematically year after year.

He left human and material resources of South Korea without hesitation to the tender mercy of outside forces on the plea of "internationalization" and "globalization".

The Kim Yong-sam group stirred up a fascist whirlwind of "new security-oriented rule", which overshadows the former military dictators, and are ruthlessly trampling down upon the righteous struggle of workers for elementary right to existence as well as the people's movement for independence, democracy and reunification.

The situation shows that if such sycophantic traitors, fascist tyrants and anti-reunification group as the Kim Yong-sam group remain in power, the South Korean people can never achieve the independence, democracy and reunification they desired so earnestly and the entire nation can not avoid the holocaust of a nuclear war.

Since it has become evident that the Kim Yong-sam group's "civilian regime" brings no good but only harm, of which nothing can be expected, it is the best choice and best decision of the South Korean patriotic pro-reunification democratic forces to overthrow it through a nationwide struggle.

DPRK: ROK Group Holds Rally To Mark 'June Resistance' in Seoul

SK1206105396 Pyongyang KCNA in English 0856 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — The National Alliance for Democracy and Unification (Chonguknyonhap) in South Korea reportedly held a rally for inheriting the June resistance in Seoul on June 8 with the attendance of over 1,000 members, students and workers.

Chonguknyonhap in a resolution accused the "New Korea Party" of having poached opposition and independent "assemblymen" to gain a majority of the parliamentary seats and tyrannizing to hold a "parliamentary" session singlehandedly.

And it urged the traitor Kim Yong-sam to open to the public the truth behind the 1992 "presidential election" fund and perfectly settle the issue of the Kwangju uprising.

DPRK: Commentary Criticizes South's 'Suppression' of Protests

SK1206052996 Pyongyang KCNA in English 0443 GMT 12 Jun 96

["Rude Suppressive Order" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Of late the Kim Yong-sam group issued an order to ruthlessly put down demonstrations of South Korean students and people for democratisation of society and reunification, branding them as "illegal violent demonstrations." This is a suppressive order to crack down upon those who are opposed to their fascist suppressive rule at the point of the bayonet, says NODONG SINMUN in a signed commentary today.

The analyst says:

No sooner had their recent order been issued than the puppet Seoul police office whisked away 247 students of the South Korean Federation of University Student Councils in a just demonstration. 212 of them were brought to a summary trial.

It is clear to all that the struggle of the South Korean students and people for independence, democracy and reunification is quite just and so it cannot be described as "illegal" nor can it be the object of suppression under any circumstances. This notwithstanding, the Kim Yong-sam group are hell-bent on sabre-rattling suppression, claiming that demonstrations are "illegal and violent". This is a thrice-cursed crime that can be committed only by the traitors who are running wild in man-hunting.

The Kim Yong-sam fascist clique should immediately stop fascist suppression of patriotic pro-reunification democratic forces, mindful that the preceding dictators met a miserable end because they considered the suppression of people almighty for their rule.

DPRK: MINJU CHOSON Denounces Kim Yong-sam Defense Budget

SK1206094596 Pyongyang KCNA in English 0859 GMT 12 Jun 96

["Rash Act of Warmaniacs" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — MINJU CHOSON today comments on the Kim Yong-sam group's "defence budget" for next year, an increase of 16.7 percent over this year's.

The analyst says:

This is patent proof that the puppets' arms buildup for war against the North has reached an extremely reckless stage.

It is common sense that a drastic increase in military spending in peace time is for the purpose of war.

It must not go unnoticed that they radically increased the military budget for next year while driving the situation on the Korean Peninsula to the brink of war.

They are perpetrating dangerous military provocations against the North almost every day near the Military Demarcation Line (MDL), in the sky above it and in the sea near the extension of the MDL.

This has created a touch-and-go situation on the Korean Peninsula.

The "civilian"-veiled warmaniacs are in the worst crisis ever in their office. They are more bitterly condemned by the people.

The traitor Kim Yong-sam is seeking a way out in more frantic anti-DPRK confrontation and war preparations against the North. The increased military budget is part of this criminal move.

This is, however, a last-ditch effort of those who are doomed to death.

The war hawks must cool their heads and act with discretion.

DPRK: Nepalese Seminar Blames U.S., ROK for Situation in DPRK

SK0806075496 Pyongyang KCNA in English 0744 GMT 8 Jun 96

[FBIS Transcribed Text] Pyongyang, June 8 (KCNA) — A seminar on the situation of the Korean peninsula was held in Nepal.

Narayan Man Bijukchhe [spelling of name as received], chairman of the Central Committee of the Nepal Worker-Peasant Party and member of parliament, said that the situation of the Korean peninsula is extremely tense due to the United States and the South Korean authorities and Korea is the only country that is divided in the world.

It is because of the U.S. that Korea has been divided over the 50 years, he noted, and went on:

The great leaders Comrade Kim Il-song and Comrade Kim Chong-il advanced the reasonable and just proposals for the reunification of the country. And the reunification of Korea has not been realized owing to the U.S. and the South Korean authorities.

Noting that the situation of the Korean peninsula is so dangerous that a war may break out at any moment, he stressed the Nepalese people hoped that Korea would be reunified peacefully at an early date without interference of outside forces.

DPRK Publication Delegation Returns Home From PRC Visit

SK0906071296 Pyongyang Korean Central Broadcasting Network in Korean 0110 GMT 5 Jun 96

[FBIS Translated Text] A delegation of publication officials from our country headed by Kim Kwan-hoe, vice director of the General Bureau of Publication, returned home by train yesterday after visiting the PRC.

DPRK: PRC Delegation, Others Visit Mansu Hill

SK0906063896 Pyongyang KCNA in English 0602 GMT 9 Jun 96

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — A delegation of the Jilin Provincial Committee of the Communist Party of China led by Zhang Deqiang, alternate member of the CPC Central Committee and secretary of the Jilin Provincial Party Committee, Nikolai Mishin, director of the Paleya Publishing House of Russia, and his party and other foreigners staying in Korea laid bouquets and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill on Saturday [8 June].

That day, overseas Koreans' delegations and home-visiting groups laid floral baskets and made a bow before the statue.

DPRK: Yi Chong-ok Meets Party Secretary of PRC's Jilin Province

SK1006124496 Pyongyang KCNA in English 1020 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — Vice-President Yi Chong-ok, who is a Politburo member of the Central Committee of the Workers' Party of Korea, met and had a friendly talk with the visiting delegation of the Jilin Provincial Committee of the Communist Party of China headed by Zhang Dejiang, alternate member of the Central Committee of the CPC and secretary of the Jilin Provincial Committee, at Mansudae Assembly Hall today.

Present there was Kim Yang-kon, deputy director of a department of the WPK Central Committee.

Zhang Dejiang expressed the belief that although the Korean people are suffering some difficulties from the flood damage last year, the party and people of Korea would overcome the temporary difficulties and achieve great success in socialist construction and the struggle to reunify the country in an independent and peaceful way under the wise leadership of the Great Leader Comrade Kim Chong-il.

Referring to the history of the developing friendly relations between China and Korea, he said the friendship between the two countries forged in blood would be everlasting.

DPRK: PRC Power Ministry, Other Delegations Arrive

SK1206105196 Pyongyang KCNA in English 1001 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — A Chinese delegation led by Wang Xicheng, vice-minister of power industry of China, to participate in the 49th Council Meeting of the Korea-China Hydroelectric Power Company, a friendship visiting group of the Communist Party of China headed by Ma Qingsheng, deputy secretary of the Guangxi Zhuang Autonomous Regional Committee of the CPC, and a delegation of the Chinese People's Association for Peace and Disarmament led by its Vice-President Lin Huaxuan, arrived here today. [sentence as received]

DPRK: Former Japanese Official's Remarks on 'Comfort Women' Denounced

SK1006045296 Pyongyang KCNA in English 0413 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — NODONG SINMUN today denounces Seisuke Okuno, ex-minister of justice of Japan, for his remarks at press conference on June 4 that the "comfort women who worked as prostitutes for the Japanese army were recruited as a 'commercial activity' and were not forced."

The news analyst says:

It is nothing strange that Okuno made such remarks.

As for him, he is an arch militarist, who has the face to distort history. In 1988 he, the then director of the National Land Agency, whitewashed the past crimes of the Japanese imperialists, saying that Japan "had no intention to invade and was not an aggressive state", for which he was bitterly condemned at home and abroad and released from office.

Okuno's remarks are not a mere representation of his own stand. This is why we take a serious view of his remarks.

Shameless and mean outrages are committed one after another in Japan to justify the aggression and crimes of the Japanese imperialists in Korea and other Asian countries, including the "comfort women" issue, and refuse state reparations and compensation. These have something in common with the remarks of Okuno and other right-wing reactionaries of Japan.

After all, it is the Japanese authorities and right-wing forces that gave rise to Okuno's utterances.

By refusing the historical fact the Japanese authorities seek to flee from the state responsibility for the past crimes and make no state, legal compensations. It is a revelation of the wild ambition of the militarists to realise their abortive plan for domination.

With nothing can they justify or deny the aggression and cruel war crimes of the Japanese imperialists in Korea and other Asian countries.

It is a disgrace of the Japanese people to have such right-wing politicians as Okuno in political arena.

Japan's right-wing reactionaries should act with discretion.

DPRK: Groups in Japan Protest Remarks on 'Comfort Women'

SK1006124696 Pyongyang KCNA in English 1010 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — Different organizations in Japan lodged protest against the remarks of member of the House of Representatives Seisuke Okuno, who is former minister of justice, and member of the House of Councillors Tadashi Itagaki, a Korean news service report from Tokyo said.

Okuno and Itagaki insisted that the "comfort women for the Japanese Army" were recruited as a "commercial activity and were not forced."

The Japan Women's Council and the Japan Women's Liaison Society for Solidarity With the Korean Women published a statement strongly urging them to immediately withdraw the remarks, which distort the truth behind the "comfort women" issue.

The Japan Committee for Supporting the Independent and Peaceful Reunification of Korea in a statement denounced Okuno's remarks as an unpardonable distortion of history.

His historical view is consistent with Japan's move to evade state responsibility with "private fund." History cannot be settled with such practice as a letter of the prime minister, which is no more than a temporary precaution, the statement contended.

The Nara Prefectural Federation of the Buraku Liberation League and other organizations and members of city and Cho assemblies in Nara Prefecture sent a protest to Okuno, in which they said they could never allow such remarks over the "comfort women for the army".

The Ehime Institute for Contemporary Korean Affairs in a protest said Dietmen Okuno and Itagaki insulted Asian nations with the remarks of narrow vision and irresponsibility. He should make an apology for the remarks at once and the Japanese Government must not pardon those repeated remarks, it held.

Chiro Suzuki, Japanese representative of the group for probe into the truth behind the forcible drafting of Koreans, made public a statement urging the withdrawal of and apology for the remarks, which distort the facts of "comfort women" issue.

DPRK: Protests Made in Japan Over 'Comfort Women' Issue

SK1006124596 Pyongyang KCNA in English 1012 GMT 10 Jun 96

[FBIS Transcribed Text] Tokyo, June 8 (KNS-KCNA) — Representatives of the central and Tokyo offices of the Democratic Union of Korean Women in Japan including Vice-Chairperson of the Union Yi Il-hoe called at the Japan Diet Hall on June 5 to lodge a protest against some Dietmen's remarks over the "comfort women for the army" issue.

Tadashi Itagaki, member of the House of Councillors, and Seisuke Okuno, member of the House of Representatives who is former minister of justice, insisted that the "comfort women for the Japanese Army" issue is different from the historical fact and was "a commercial activity".

The protestors demanded that Itagaki and Okuno repeal their remarks and make an apology to the former "comfort women for the army".

As the "comfort women for the army" case is a war crime committed by the Japanese imperialists in the past, the Japanese Government is bound to take full legal responsibility for it, they said.

DPRK: Group of Korean Students From Japan Visits Mansu Hill

SK1106024996 Pyongyang KCNA in English 0235 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — Home-visiting groups of Korean students in Japan on Sunday [9 June] laid floral baskets and made bows before the statue of the great leader President Kim Il-song on Mansu Hill.

The groups arrived in Wonsan by the ship "Mangyongbong-92" on the same day.

DPRK: Japanese Institute Chairperson Arrives in Pyongyang

SK1106121996 Pyongyang KCNA in English 1017 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — Chairperson of the International Affairs Institute for World Peace in Japan Kaoru Nakamaru arrived here today by air.

DPRK: Kim Chong-il Sponsors Party for Visiting Koreans From Japan

SK1206052696 Pyongyang KCNA in English 0436 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — A party, provided by the great leader Comrade Kim Chong-il for the home-visiting group of the Chiba Credit Association of Korea Bank under the General Association of Korean Residents in Japan, was given at the Mansudae Art Theatre on June 11.

Present at the party were Kim Su-ik, director of the General Bureau of Reception for Overseas Compatriots, and other officials concerned.

The members of the group headed by managing director Yi Kwang-hui on a visit to the socialist homeland were on hand.

Speeches were made there before an art performance.

DPRK: KCNA Notes Greeting Message Sent to Yeltsin

SK1106092596 Pyongyang KCNA in English 0852 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — The Central People's Committee of the Democratic People's Republic of Korea Monday sent a message of greetings to B.N. Yeltsin, Russian president, on the National Day of Russia.

The message expressed the belief that relations between the DPRK and Russia would develop in the interests of the two peoples and hoped for the well-being of the Russian people.

DPRK CPC Congratulates Yeltsin on Russia's National Holiday

SK1206015096 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 11 Jun 96

[FBIS Translated Text] The DPRK Central People's Committee [CPC] sent a congratulatory message to Russian Federation President Boris Nikolayevich Yeltsin on Russia's national holiday. The congratulatory message reads as follows:

Moscow.

To Your Excellency Boris Nikolayevich Yeltsin, president of the Russian Federation:

The DPRK CPC sends congratulations to you and the Russian people on the occasion of Russia's national holiday. Through this opportunity, we believe that relations between the DPRK and the Russian Federation will develop in conformity with the interests of the people of the two countries, and hope for the well-being of the Russian people.

[Signed] DPRK CPC

[Dated] 10 June 1996, Pyongyang

DPRK: Yang Hyong-sop, SPA Delegation Arrive in Cuba

SK1206021396 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 7 Jun 96

[FBIS Translated Text] The DPRK Supreme People's Assembly [SPA] delegation led by its Chairman Yang Hyong-sop, arrived in Havana, Cuba on 6 June.

The delegation was welcomed at the airport by (Nicardo Alarconde Gesada), chairman of the Cuban People's Sovereignty National Council; other functionaries concerned; and Kim Sung-yong, DPRK ambassador to Cuba.

DPRK: SPA, Cuban Delegations Hold Meeting in Havana

SK1206033396 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 9 Jun 96

[FBIS Translated Text] On 6 June, talks were held in Havana between the DPRK Supreme People's Assembly [SPA] delegation led by its Chairman Yang Hyong-sop and the delegation of the Cuban People's Sovereignty National Council led by its Chairman (Nicardo Alarconde Gesada).

Present at the talks from the DPRK side were members of the DPRK SPA delegation and the DPRK ambassador to Cuba, and from the Cuban side were a responsible figure for external relations from the People's Sovereignty National Council and other functionaries concerned.

During the talks, both sides notified each other about their country's situation and discussed issues of common interest.

DPRK Envoy Presents Credentials to Gambian Head of State

SK1206051896 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 8 Jun 96

[FBIS Translated Text] (Yi In-sok), newly appointed DPRK ambassador extraordinary and plenipotentiary, presented his credentials to Yahya A.J.J. Jammeh, chairman of Armed Forces Provisional Ruling Council and head of state of the Republic of the Gambia on 31 May.

In the meeting, the ambassador conveyed the great leader [widaehan yongdoja] Comrade Kim Chong-il's greetings to the head of state Yahya A.J.J. Jammeh. The head of state expressed deep gratitude and asked the ambassador to convey his most sincere greetings to the great leader [widaehan yongdoja] Comrade Kim Chong-il.

The head of state said that the death of the great leader [widaehan suryong] Comrade Kim Il-song is the greatest loss to the DPRK people as well as to the world's people; and he once again expressed his greatest condolences.

He said that he cannot refrain from admiring the DPRK people for building socialism under the wise leadership of the great General [widaehan changgunnim] Kim Chong-il without wavering a bit even though they are getting pressure and a blockade from [words indistinct].

He pointed out that he has a firm belief that the DPRK people will achieve the country's cause of unification without fail. He emphasized that he hopes that cooperation will be expanded and developed in various sectors between the two countries of Gambia and the DPRK.

Present at the meeting were the vice chairman of the Gambian Armed Forces Provisional Ruling Council and the defense minister; the minister of external affairs; and the interior minister.

DPRK: Foreign State, Party Leaders Support Korea's 'Just Cause'

SK0806080496 Pyongyang KCNA in English 0756 GMT 8 Jun 96

[Spelling of all party leader names as received]

[FBIS Transcribed Text] Pyongyang, June 8 (KCNA) — Heads of state and party leaders of foreign countries expressed support to the just cause of the Korean people.

Yahya A.J.J. Jammeh, head of state and chairman of the Armed Forces Transitional Ruling Council of the Republic of Gambia, when he received credentials from the ambassador of the Democratic People's Republic of Korea, said that he was struck with admiration at the fact that the Korean people are building socialism under the wise leadership of the great General Kim Chong-il, not affected by pressure and blockade of the U.S.-led imperialist allied forces.

He said he was convinced that the Korean people will reunify the country without fail.

When Armando Cossutta, president of the Communist Re-Establishment Party of Italy, met a delegation of the Workers' Party of Korea [WPK], he said that Korea is now successfully building socialism, not yielding to the moves of the imperialists to isolate and stifle it.

The role of the WPK in the international communist movement is very great, he said, stressing that his party will always stand by the WPK which has the same idea and aim.

Roberto Gabriele, general secretary of the Movement for Peace and Socialism of Italy, said: We are greatly encouraged by the struggle of the WPK which is advancing under the uplifted banner of socialism.

Chairman of the Communist Party of Angola Baptista Andre Jose Simao, when he received the DPRK ambassador, said that the self-defensive step of the WPK to meet the situation prevailing in the Korean peninsula is a very just step which is supported by the world peace-loving people.

He expressed the belief that the struggle of the Korean people will win victory certainly this time, too, under the tested leadership of his excellency the great Kim Chong-il. The victory of the Korean people is a victory of the world's socialist cause, he added.

DPRK: Hyon Chun-kuk Meets With Italian Party Leaders

SK1006010796 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 4 Jun 96

[FBIS Translated Text] Chairman Armando Cossuta and General Secretary (Pausto Bertinotti) of the Italian Communist Refoundation Party received the Workers Party of Korea [WPK] delegation led by Hyon Chun-kuk, director of a department of the WPK Central Committee, on 29 May.

At the meeting, the head of the delegation conveyed the greetings from the great leader Comrade Kim Chong-il to Chairman Armando and General Secretary (Pausto Bertinotti). The chairman and the general secretary expressed deep gratitude for this and asked the head of the delegation to convey their heartfelt greetings of wishing a long life to the great leader Comrade Kim Chong-il.

At the meeting, the chairman said that the Italian Communist Refoundation Party attaches special significance to the development of friendly relations with the WPK. He noted that the DPRK is building socialism successfully despite the imperialists' isolating and crushing maneuvers [korip apsal chaektong]. He said that the role the WPK plays in the international communist movement is very great and stressed that the Italian Communist Refoundation Party will always be with the WPK which shares the same ideals and objectives with his party.

On the same day, (Roberto Gabrielle), general secretary of the (Italian Movement for Peace and Socialism), also received the WPK delegation. At the meeting, the general secretary said that the WPK's struggle under the banner of socialism encourages them greatly.

DPRK: WPK Delegation Returns From Visit to Greece, Italy

SK0906111596 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 6 Jun 96

[FBIS Translated Text] The Workers Party of Korea [WPK] delegation led by Hyon Chun-kuk, director of a department of the WPK Central Committee, returned home by train on 6 June after participating in the 15th Congress of the Greek Communist Party.

Chi Chae-yong, vice director of a department of the WPK Central Committee, welcomed the delegation at Pyongyang Station. The delegation had also visited Italy.

DPRK: Yemeni Foreign Ministry Delegation Departs DPRK

SK0906071496 Pyongyang Korean Central Broadcasting Network in Korean 0110 GMT 5 Jun 96

[FBIS Translated Text] A delegation of the Yemeni Foreign Ministry, headed by Vice Minister Abdu 'Ali Abd-al-Rahman, returned home by plane yesterday.

DPRK: Kang Song-san Sends Greetings to Indian Counterpart

SK1006033396 Pyongyang KCNA in English 0235 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — Premier of the Administration Council Kang Song-san sent a telegram of greetings to H.D. Deve Gowda upon his inauguration as prime minister of India.

The telegram sincerely wished the prime minister success in his new work and expressed the belief that the friendly and cooperative relations between Korea and India would continue to develop on good terms in the interests of the two peoples.

Foreign Minister Kim Yong-nam sent greetings to I.K. Gujral upon his appointment as foreign minister of India.

DPRK: Pakistan Groups Form Committee To Honor Kim Il-song

SK1006044096 Pyongyang KCNA in English 0350 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — An inaugural meeting of the joint preparatory committee to honor the memory of the great President Kim Il-song was held in Islamabad on June 2 under the cosponsorship of the Pakistan People's Party [PPP], the Pakistan Muslim League, the Pakistan-Korea Friendship Senators' Group, the Pakistan-Korea Friendship Association and the Pakistan-Korea Youth Friendship Association.

Forthcoming July 8 sees the lapse of two years after his excellency President Kim Il-song passed away, Nazar Hussain Kiyani [name as received], member of the Central Executive Committee and head of the central secretariat of the PPP, said at the meeting, adding:

"Greeting this day we honor the memory of his excellency the president once again and, at the same time, look back upon his brilliant life and exploits with deep respect.

"I propose to the progressive organizations and friendship organizations in Pakistan to jointly hold various events for recalling his greatness and feats and honoring his memory on the anniversary of his death, and calls for organizing the joint preparatory committee to honor the memory of the great President Kim Il-song to this end."

The meeting declared the formation of the joint preparatory committee and set the period from June 8 to July 8 as a month of memorial services.

Nazar Hussain Kiyani was elected chairman of the committee, the secretary general for women of the Pakistan Muslim League vice-chairman and the chairman of the Pakistan-Korea Friendship Association secretary general.

DPRK: Papers Dedicate Articles to Libyan Anniversary

SK1106120696 Pyongyang KCNA in English 0841 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — No one can keep the Libyan people from advancing under the uplifted banner of independence against imperialism, say papers here today in articles dedicated to the 26th anniversary of the removal of U.S. military bases from the country.

NODONG SINMUN in a signed article says that on June 11, 1970, the Libyan Arab people got U.S. military bases withdrawn from their territory and drove the American troops out of the country. The day, therefore, is recorded as a day when the Libyan people demonstrated their independent stand against imperialism as well as their unshakable will to fight it out for the dignity of the nation and the sovereignty of the country, the article says, and continues:

With the withdrawal of the U.S. military bases and troops from the country, the Libyan Arab people have become a dignified people who are advancing with full responsibility for their own destinies.

With a view to breaking the Libyan people's will for independence against imperialism, the imperialists have been engrossed in false propaganda aimed at isolating the country in the international arena and in armed intervention and imposed economic sanctions on the country. The Libyan people have not given in to them. They under the guidance of Colonel Mu'ammar al-Qadhdhfi, leader of the Great September First Revolution, are firmly defending the national dignity and the sovereignty of the country. Their just struggle is supported by the progressives around the world.

The Korean people will, in the future, too, express full support for and solidarity with the Libyan Arab people in their just cause for national dignity and the sovereignty of the country.

MINJU CHOSON in a signed article notes that the removal of U.S. military bases from Libya shows that if we firmly maintain the anti-imperialist, independent stand and struggle in unity, we are able to defend the national dignity and the sovereignty of the country under any circumstances.

DPRK: Yang Hyong-sop Greets Speaker of Iran Consultative Assembly

SK1206102596 Pyongyang KCNA in English
1002 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Yang Hyong-sop, chairman of the DPRK Supreme People's Assembly, sent a message of greetings to 'Ali Akbar Nateq-Nuri upon his reelection as speaker of the Islamic Consultative Assembly of Iran.

The message expressed the belief that the friendly and cooperative relations between the two assemblies would grow stronger and develop in the interests of the two peoples.

DPRK: Kim Chong-il Inspects Kumgangsan Power Station

SK1106234696 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 11 Jun 96

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], inspected the Kumgangsan Power Station which is in its final stage. The great leader [widaehan yongdoja] of our party and people Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the KPA, inspected the Kumgangsan Power Station, which is in its final stage, on 10 June.

He was accompanied by Comrades Kye Ung-tae, Kim Ki-nam, Kim Kuk-tae, and Kim Yong-sun, secretaries of the Workers Party of Korea [WPK] Central Committee; Comrades Kim Myong-kuk, Kim Ha-kyu, and Hyon Chol-hae, generals of the KPA; Colonel General Comrade Pak Chae-kyong; and other functionaries concerned.

Revolutionary and militant slogans including "Long live the respected and beloved [kyongaehanun] Supreme Commander Comrade Kim Chong-il!" "Let us defend to the last with our lives the nerve center [sunoebu] of the revolution headed by the great Comrade Kim Chong-il!" and "What the party decides, we will do," were put up at the construction site in which the hot wind of the revolution of the speed battle was vigorously raging. [sentence as heard]

The soldier-builders who were able to see the respected and beloved [kyongaehanun] comrade supreme commander at the construction site on this significant day, which marks the 10th anniversary of when the great leader [widaehan suryong] Comrade Kim Il-song presented the construction directions for the Kumgangsan Power Station and established the strength for construction, were wrapped up in eternal emotion and happiness.

Comrade Kim Chong-il arrived at the construction site of the power station at 0830 [2330 GMT 9 June]. At that time, shouts of joy for a long life, which rose like a storm, shook the skies and earth, and shouts of "Defend with the do-or-die spirit" resounded over the skies of the construction site.

Comrade Kim Chong-il was met on the spot by Comrade Han Song-yong, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Kim Yun-hyok, member of the party Central Committee and vice premier of the Administration Council; Comrades An Pi-tuk and Sim Myong-su, lieutenant generals of the KPA; and generals and officers of the KPA.

After receiving a welcoming report, Comrade Kim Chong-il looked around the structures, including the gigantic intake channel and other structures symbolic of the grand appearance of chuche Korea, and learned in detail about how the construction of the power station was progressing. He even went into a 100-ri-long canal tunnel which stretched out magnificently, and inspected the structure associated with the noble self-sacrificing spirit and lofty sweat of the soldier-builders.

The Kumgangsan Power Station will contribute to the country's economic development by producing a large amount of electricity by gathering all rivers and streams which flow through the enormous regions of Changdo, Kimhwa, Hoeyang, Kosong, and Anbyon Counties into one place. The construction of this power station is an unprecedentedly difficult and vast project rarely seen in the construction history of hydroelectric power stations.

Soldiers of the People's Army, who vigorously launched the building of the power station by highly upholding our party's great nature remaking project, are devoting themselves to the worthwhile struggle for the country's wealth, power, and development and are promoting the people's welfare. By doing so, over the past several years the construction of the 100-ri-long canal tunnel was successfully completed, creating the miracle of fundamentally completing all the work loads expected for the first stage of the project.

While looking around the power station, Comrade Kim Chong-il noted with great satisfaction that soldiers of the People's Army and builders who are endlessly loyal to the party, the revolution, the fatherland, and the people have erected another great edifice of eternal value in the era of the Workers Party by displaying mass heroism and matchless devotion, highly assessing their successful struggle and thanking them.

Comrade Kim Chong-il said that soldier-builders devotedly struggled to fulfill the orders of the party, courageously overcoming the difficulties and trials they faced, and created a miracle by successfully completing the large project of the 100-ri-long canal tunnel with good quality and in a short span of time. He added that the praiseworthy exploits they performed before the fatherland and the people will be everlasting in the annals of the fatherland.

Comrade Kim Chong-il said that the might of our people who move mountains and reclaim seas if demanded by the party is infinite, and continued by saying that a large monumental dam has been built by the creative strength of soldier-builders in the secluded deep mountains where only the sounds of a brook were once heard.

Comrade Kim Chong-il said that thanks to the might of the independent national economy, which our people have built in the spirit of self-reliance and fortitude, large nature remaking projects such as the Sohae Floodgate and the Kumgangsan Power Station could be erected by their own efforts. He emphasized that continuously and vigorously advancing by further highly upholding the chuche banner as well as the wealth, power, and prosperity of my country and my fatherland must be achieved.

Comrade Kim Chong-il presented concrete tasks and ways to complete the first stage construction project of the Kumgangsan Power Station as early as possible and vigorously pushed ahead with the next stage of the project.

Comrade Kim Chong-il pointed out that soldiers of the People's Army and builders should brilliantly implement the behests of the great leader [widaehan suryongnim] on the steady increase of electric power production by effecting innovations again in the second stage project on the Kumgangsan Power Station.

On this day, Comrade Kim Chong-il took a commemorative picture with soldiers and builders mobilized in the construction of the power station.

All soldiers and builders participating in the construction of the Kumgangsan Power Station should thoroughly implement the militant task presented by the respected and beloved [kyongaehanun] Supreme Commander Comrade Kim Chong-il so that the construction of the power station is accelerated and completed. They were overflowing with the firm determination to actively contribute to solving the country's electricity demand which is being enhanced with each passing day.

DPRK: More on Kim Chong-il Inspection of Kumgangsan Power Station

SK1106223396 Pyongyang KCNA in English 2101 GMT 11 Jun 96

["Supreme Commander Kim Chong-il Inspects Kumgangsan Power Station" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], on June 10 inspected the Kumgangsan Power Station, which is nearing completion.

He looked round the imposing dam, the gigantic intake channel and other structures in order to learn about how the construction was progressing. He even went into a 40-km-long canal tunnel to inspect the structure associated with the noble self-sacrificing spirit and sweat of the soldier-builders.

The Kumgangsan Power Station is instrumental in the economic development of the nation. It will channel all rivers and streams flowing through Changdo, Kimhwa, Hoeyang, Kosong and Anbyon Counties in Kangwon Province into one canal to produce much electricity. The construction of this power station is an unprecedentedly difficult and vast project.

He noted with great satisfaction that the KPA soldiers successfully completed the project of the 40-km-long canal tunnel and mainly fulfilled the assignments of the first-stage project in a few years to erect another great edifice of eternal value.

Comrade Kim Chong-il indicated concrete tasks and ways to finish the first-stage construction project of the Kumgangsan Power Station as early as possible and push ahead with the next-stage projects.

DPRK: Further on Kumgangsan Power Station Inspection

SK1106224096 Pyongyang KCNA in English 2110 GMT 11 Jun 96

["Comrade Kim Chong-il Inspects Kumgangsan Power Station" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army [KPA], on June 10 inspected the Kumgangsan Power Station, which is nearing completion.

He was accompanied by secretaries of the Workers' Party of Korea [WPK] Central Committee Kye Ung-tae, Kim Ki-nam, Kim Kuk-tae and Kim Yong-sun, KPA Generals Kim Myong-kuk, Kim Ha-kyu and Hyon Chol-hae, Col. General Pak Chae-kyong and other officials concerned.

The soldier-builders were very excited and happy to see their respected supreme commander at the construction site ten years since the great leader President Kim Il-song indicated how to construct the Kumgangsan Power Station and formed the construction force.

At half past eight A.M. [2330 GMT 9 June] Comrade Kim Chong-il arrived at the construction site of the power station.

He was met on the spot by Han Song-yong, Politburo member and secretary of the WPK Central Committee; Kim Yun-hyok, member of the WPK Central Committee and vice-premier of the Administration Council; KPA Lt. Generals An Pi-tok and Sim Myong-su and other generals and officers of the KPA.

After receiving a salute, he looked round the imposing dam, the gigantic intake channel and other structures symbolic of the grand appearance of chuche Korea in order to learn about how the construction was progressing. He even went into a 40-km-long canal tunnel to inspect the structure associated with the noble self-sacrificing spirit and sweat of the soldier-builders.

The Kumgangsan Power Station is instrumental in the economic development of the nation. It will channel all rivers and streams flowing through Changdo, Kimhwa, Hoeyang, Kosong and Anbyon Counties into one canal to produce much electricity. The construction of this power station is an unprecedentedly difficult and vast project.

The KPA soldiers successfully completed the project of the 40-km- long canal tunnel and mainly fulfilled the assignments of the first-stage project in a few years.

Looking round the power station, Comrade Kim Chong-il noted with great satisfaction that the KPA soldiers and other builders intensely loyal to the party and the revolution, the country and the people have erected another great edifice of eternal value in the Workers' Party age by giving full play to mass heroism and matchless devotion. He highly appreciated their success and thanked them.

The soldier-builders devotedly worked to carry out the orders of the party, braving difficulties and trials, and wrought a miracle by successfully completing the project of the 40-km-long canal tunnel in good quality in a short span of time, he noted, adding that the praiseworthy exploits they performed for the country and the people will be everlasting in the annals of the nation.

Inexhaustible is the might of our people who move mountains and reclaim seas if demanded by the party, he said, and continued: A large monumental dam has been built by the creative strength of soldier-builders in deep mountains where only the murmur of a brook was heard even some time ago.

Thanks to the might of the independent national economy which our people have built in the spirit of self-reliance and hard work, large nature-remaking projects such as the west sea barrage and the Kumgangsan Power Station could be erected by their own efforts.

He stressed the need to continue advancing vigorously, holding higher the banner of chuche to achieve the development and prosperity of our country, our motherland.

He indicated concrete tasks and ways to complete the first stage construction project of the Kumgangsan Power Station as early as possible and push ahead with the next stage projects.

He said that People's Army soldiers and builders should successfully carry through the behests of the great leader President Kim Il-song on the steady increase of electric power production by effecting innovations again in the second stage project of the Kumgangsan Power Station.

Comrade Kim Chong-il had a souvenir picture taken with army soldiers and builders participating in the projects.

DPRK: SKNDF Publishes Appeal Marking 'June Struggle'

SK1106113896 Pyongyang KCNA in English 0830 GMT 11 Jun 96

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — The Central Committee of the National Democratic Front of South Korea (NDFSK) [SKNDF] published an appeal on Friday [7 June] nine years after the South Korean people staged an anti-U.S., anti-fascist struggle in June 1987.

There is nothing different from the time of past military dictatorship though the military government, which violated the result of the June struggle at the point of the bayonet, was terminated and "Chongwadae [ROK presidential offices]" wears "civilian" veil, the appeal said, adding:

Reactionary and corrupt politics, fascist society, and widening gap between the rich and the poor - this is the true feature of the "civilian"-style "change" and "reforms" advertized by Kim Yong-sam.

The appeal called upon the entire people to carry forward the spirit of the June resistance and raise the banner of the anti-U.S., anti-fascist national salvation struggle higher in order to terminate the colonial dictatorial politics and build a genuinely democratic society.

It went on:

What we should do with all efforts for the present is to struggle for the opening to the public of the 1992 "presidential election" fund and the punishment of all those responsible for the May 18 Kwangju massacre.

Kim Yong-sam, an accomplice of the largest secret fund scandal ever in history, should be brought to trial and punished in the name of the people and distorted history should be put straight by the people themselves.

All the democratic and patriotic forces should launch an all-round struggle to denounce the "New Korea Party's" irregularities in the "general elections" and crush its monopoly show in the "National Assembly", get the "National Security Law" abrogated and destroy the "Agency for National Security Planning" and "Defence Security Affairs Command".

The bloody lesson of the June resistance is that it is impossible to achieve independence, democracy and reunification without termination of the U.S. interference in the internal affairs, the appeal said, calling for laying at any cost the foundation for the building of a national independent government, upholding the flag of independence against U.S. imperialism.

DPRK: KCNA Interviews SKNDF Pyongyang Mission Chief on 'Struggle'

SK1206053096 Pyongyang KCNA in English 0439 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Yi Chong-sang, chief of the Pyongyang Mission of the National Democratic Front of South Korea (NDFSK) [SKNDF], had an interview with KCNA Tuesday [11 June] nine years after the June popular resistance in 1987.

The June popular resistance was an eruption of South Korean people's pentup wrath at the U.S. imperialists and the Chon Tu-hwan military fascist rule and a nationwide resistance developing their struggle onto a new higher stage, Yi declared.

The "civilian" fascism and "security-oriented rule", which surpass the fascist rule of the "Fifth and Sixth Republics", are now being enforced in the South of the country, the chief said, adding: This is an intolerable mockery of the June popular resistance and an insult to the patriotic martyrs.

Through the April 19 and Kwangju popular uprisings and the June popular resistance the South Korean people realized the truth that independence, democracy and reunification will be presented by nobody and can be achieved through their own struggle. So, they will never remain an onlooker to the present grave situation.

He said the NDFSK and the people in the South will vigorously turn out in the struggle to overthrow the Kim Yong-sam "civilian" dictatorial "regime" and build an independent democratic government, on the basis of the precious experience of the heroic June popular resistance and by carrying forward the noble fighting spirit displayed in those days.

DPRK: Leaders Lay Wreaths Before Tombs of Kim Il-song's Parents

SK1006034096 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 5 Jun 96

[FBIS Translated Excerpt] On the occasion of the 70th anniversary of the death of Mr. Kim Hyong-chik, an invincible revolutionary fighter and outstanding leader of our country's anti-Japanese movement for national liberation, leading cadres of the party and state, working people, and People's Army soldiers laid wreaths before the tombs of Mr. Kim Hyong-chik and mother Kang Pan-sok on the morning of 5 June.

Placed before the tombs of Mr. Kim Hyong-chik and mother Kang Pan-sok was a wreath sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, chairman of the DPRK National Defense Commission, and supreme commander of the Korean People's Army [KPA]. [passage omitted]

Present at the wreath-laying ceremony were Comrades Yi Chong-ok, Kye Ung-tae, Paek Hak-nim, Chang Chol, and Chon Mun-sop; functionaries of the party and power organs, administrative and economic organizations, and central organizations; KPA generals and soldiers; and working people in Pyongyang. [passage omitted]

DPRK: NODONG SINMUN Praises Kim Il-song's Leadership

SK0906063796 Pyongyang KCNA in English 0606 GMT 9 Jun 96

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — NODONG SINMUN today praises the great Comrade Kim Il-song as a distinguished leader who led the Korean people along the road of victory and glory with his outstanding ideas and leadership ability.

The author of the article says:

His leadership was popular in that he solved everything on the strength of the masses of the people.

He made lines and policies, correctly reflecting the will and demands of the people. He victoriously pushed ahead with the revolution and construction by giving full play to their strength and wisdom.

He defined the defence of the interests of the working masses as the supreme principle of the Workers' Party of Korea in its activities.

He always found himself among the people and worked out lines and policies, reflecting their interests and demands for independence. That is why the Workers' Party of Korea could lead the revolution and construction to victory without any mistake or deviation in policy-making and successfully build the best man-centred socialism of Korean style in this land.

Socialist Korea is a product of the popular leadership of Comrade Kim Il-song, who devoted his whole life to the good of the people.

The Korean revolution today is led by the respected Comrade Kim Chong-il. He leads the revolution and construction as Comrade Kim Il-song did.

The Workers' Party of Korea will rely on the people and mobilize their strength and wisdom so that it can make its way through manifold difficulties and trials and dynamically continue its advance along the road of victory and glory under the wise leadership of Comrade Kim Chong-il.

DPRK: Meeting on 'Study March' Course Pioneered by Kim Chong-il

SK1206052596 Pyongyang KCNA in English 0433 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Excursionists to the revolutionary battle sites in the Mt. Paektu area from different parts of the country met to express their loyalty 40 years after the great leader Comrade Kim Chong-il pioneered the course of study march to the sites.

The meeting was held in front of the monument to ode written by the great leader President Kim Il-song, standing near the Mt. Paektu secret camp in Yanggang Province in the northeastern part of the country.

It was stressed there that the first study march to the Mt. Paektu revolutionary battle sites, which took place in the mid 1950s when the enemy within and without engaged in all sorts of machinations, was a historic march that could be organized only by Comrade Kim Chong-il, who has set it as his lifelong cause to advance the Korean revolution along the road of chuche, in the Paektu spirit.

Speakers vowed to invariably continue the study march to the sites pioneered by Comrade Kim Chong-il and deeply grasp the revolutionary traditions of the Workers' Party of Korea through active visits to the revolutionary battle sites and historic sites across the country including the secret camp on Mt. Paektu, the sacred place of the revolution.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

Present there were Secretary of the WPK Central Committee Kim Chung-nin, vice-premier of the Administration Council Chang Chol, other officials concerned and excursionists.

DPRK: Birthday of Communist Hero Commemorated

SK1206105896 Pyongyang KCNA in English 0907 GMT 12 Jun 96

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — Today is the 80th birth anniversary of Comrade Kim Chol-chu, an indomitable communist revolutionary fighter.

On this occasion, Pyongyang-based papers carry articles on his life.

Comrade Kim Chol-chu, a younger brother of the Great Leader President Kim Il-song, was born into a patriotic and revolutionary family in Mangyongdae, Pyongyang, on June 12, 1916.

He is a hero who performed immortal revolutionary feats in his teens.

He received patriotic and revolutionary education as well as warm loving care from father Kim Hyong-chik and mother Kang Pan-sok and grasped the truth of revolution and grew to be an ardent revolutionary with the indomitable fighting spirit, strong will and noble communist trait, under the revolutionary education, meticulous care and warm love of President Kim Il-song in particular.

He conducted positive activities in the Young Communist League and other underground revolutionary organisations and performed heroic feats by giving full play to matchless braveness in many battles during the rigorous anti-Japanese revolutionary struggle under the leadership of President Kim Il-song.

In December 1926 when President Kim Il-song formed the Saenal Children's Union, the first communist children's revolutionary organisation in Korea, he (ten years old in those days) joined it. From then on, he powerfully conducted the organisational work of the union and, at the same time, took the lead in the propaganda group activities.

He achieved great feats in laying the mass foundation of the armed struggle and expanding and strengthening the guerrilla ranks. He embraced leaders of Chinese nationalist anti-Japanese units with his generous attitude and broad magnanimity, modesty, kindness and fluent speaking of Chinese. He bravely fought battles against Japanese imperialist aggressors, was very strong in principle and a communist with skillful organisation, modesty and simple trait.

He died a heroic death at an encounter with Japanese imperialist aggressor forces near Chechangzi on June 14, 1935.

In his reminiscences "With the Century" President Kim Il-song, recalling the revolutionary activities of Comrade Kim Chol-chu, wrote: "His life was but a flicker of light."

Although Comrade Kim Chol-chu died young, the noble exploits he performed in the sacred road to hew out the revolutionary cause of chuche and his lofty revolutionary spirit will shine long in the revolutionary history of the Workers' Party of Korea.

South Korea

ROK: Natural Gas Leaks Found in 8 Places Around Seoul

SK0906015096 Seoul THE KOREA TIMES in English 9 Jun 96 p 3

[FBIS Transcribed Text] Tens of thousands of residents in southern Seoul, many of them bleary-eyed and in their pajamas, scampered out of their apartments and houses early yesterday morning when liquefied natural gas [LNG] was found leaking in their residential areas.

Gas leaks took place at eight different places in the affluent districts south of the Han River, including the satellite city of Songnam.

And it took the supplier of LNG to thousands of households in the metropolitan area and outlying vicinities, the Korea Urban Gas Co. [KUG], and its supervisor the Korea Gas Safety Corp [KGSC], more than one hour to close the mains. But as of late yesterday afternoon they had yet to find the cause of the multiple gas leaks.

The first leak was detected at a gas depot near the site where the Sampung Department Store once stood at about 20 minutes past midnight. Gas continued to leak for one hour and 40 minutes before the main was turned off.

Residents in nearby apartment complexes, still spooked by the collapse of the department store that killed or injured over 1,000 people a year ago, were awakened by an abrupt warning over PA systems and fled their residences.

A frightened citizen said, "I was awakened by a loud hissing sound and went out to investigate. I found that it was LNG leaking and you could smell it all the way to a gas station that is located a couple hundreds of meters away.

Not far away from there at about the same time, residents of the Olympic Apartments also received an untimely wakeup call warning them about the gas leak at the depot.

About 100 of them left their apartments and went to the park inside the complex.

Similar scenes were repeated in six other places including a Korea Housing Corp. apartment complex in Hadaehyon-tong in Songnam.

Upon receiving reports about the leaks, the KUG and KGSC sent a team of four technicians but they were overwhelmed by the multiple leaks.

Some residents in areas where the leaks occurred had to wait for more than one hour for the mains to be turned off before they could return home.

A KUG spokesman said, "I believe that the leaks were the result of a built-in system that automatically lets out gas when pressure in the lines gets too high."

Despite the assurances by the gas supplier, Seoul City Hall will take legal action against anyone who it finds to be at blame for the leaks during its investigation into their cause.

A team of experts and police investigators were on the scene to determine the cause. The city administration is empowered to slap fines of up to 30 million won or pursue a criminal case against the gas supplier and its supervisor if anything wrong or improper is uncovered during the investigation.

ROK: Ozone Warning Issued for Northwestern Seoul

SK1106024196 (Internet) The Joong-Ang Ilbo WWW in English 11 Jun 96

[FBIS Transcribed Text] The Seoul metropolitan government issued an ozone warning in northwestern Seoul for 2 hours beginning at 3 p.m. Saturday [0600 GMT 8 June]. This was the second warning since July 22 of last year. A total of 14 districts in Seoul including Unpyong-ku, Sodaemun-ku, Mapo-ku, Yongsan-ku, Chung-ku, and Chongro-ku were included in the warning. Such a warning is issued when ozone concentrations stand at 0.12-0.3 parts per million (ppm), rising above the permissible level of 0.120 ppm. The ozone concentrations in these districts stood at 0.121 ppm (measured in Pulgwang-tong) Saturday.

Seoul urged residents of these 14 districts to restrict participation in outdoor sports and especially asked the young, the elderly and the sick to avoid outdoor activities. Seoul also asked the residents to restrict the use of passenger cars unless absolutely necessary and use public transportation until the warning was lifted.

ROK Daily Analyzes Rumors of ROK-DPRK Secret Contact in Beijing

SK0806111496 Seoul MUNHWA ILBO in Korean 7 Jun 96 p 5

[FBIS Translated Text] Foreign news agencies have reported rumors that the ROK and North Korea have held secret contacts.

On 5 June, THE WASHINGTON TIMES quoted a high-ranking U.S. official stating that North Korea is conducting behind-the-scenes talks with the ROK in Beijing in order to resolve its deteriorating food crisis. It added: "The talks are being held so secretly that most ROK Government officials do not know about them."

In addition, THE FAR EASTERN ECONOMIC REVIEW, a Hong Kong news magazine, reported in its 6 June edition: "Recently, there has been at least more than one round of secret talks in Beijing."

NHK and ASAHI SHIMBUN reported similar hearsay last month.

The Ministry of National Unification has officially denied these reports. Foreign Ministry officials concerned have reacted in unison, saying: "We have no idea."

The foreign media reports lose their credibility since they fail to disclose who is meeting, when, and how. Despite this lack of reliability, similar reports ensue due to speculation that there might be some movement one way or another.

In fact, at present the ROK and North Korea have good reason to attempt to hold secretive talks. It is common sense in foreign policy that behind-the-scenes channels should remain when a situation becomes extreme.

The ROK Government is being cornered into a situation where it has to decide on food aid to North Korea under pressure from the world community. If this is the case, it would be desirable for the ROK Government to positively seek a way to provide food through direct contact with North Korea. As regards the proposed four-party talks, it is also necessary for us to convey our earnest intentions, aside from that of the United States.

North Korea has no choice but to realize that the ROK is the key to resolving its food shortage, which has reached an extreme.

Thus, it is easy to speculate about the possibility that the ROK and North Korea may have sounded out each other's intentions. It would not be hard to resume the Beijing line, which made good on the rice talks last year.

The question is how much weight both sides give to this kind of contact. Just a simple "sounding out" does not carry much importance.

A diplomatic source says: "If the two governments intend to seriously pursue secret talks, they are highly likely to use the new Indonesian line, which emerged when the four-party talks were proposed, rather than the Beijing line, which is anybody's guess."

ROK: IAEA Says DPRK Refusing To Cooperate in Sealing of Fuel Rods

SK1206003196 Seoul KBS-1 Radio Network in Korean 2325 GMT 11 Jun 96

[FBIS Translated Text] The IAEA [International Atomic Energy Agency] has not made much progress in sealing 8,000 spent nuclear fuel rods in Yongbyon, North Korea, due to North Korea's uncooperative attitude. Correspondent Cha Man-sun reports from Geneva:

[Begin Cha recording] The IAEA has reported to its Board of Governors that from three to four inspectors stationed in Yongbyon have yet to inspect the work of storing 8,000 spent nuclear fuel rods in special containers which began from the end of April. Secretary-General Hans Blix, in his report to the Board of Governors, said that inspectors were only able to check the inflammation of the spent nuclear fuel rods due to their restricted inspection activities, and thus have failed to measure the amount of plutonium contained in the spent nuclear fuel rods. In particular, he disclosed that the IAEA has failed to embark on the sealing work since it failed to agree with North Korea on the issue of sealing the special containers in which the spent nuclear fuel rods are preserved.

He added that since the work of preserving spent nuclear fuel rods in special containers is carried out slowly, the work is expected to be completed by early next year.

The IAEA reported to its Board of Governors that since three or four IAEA inspectors have to be stationed in Yongbyon until early next year, its financial burden is increasing. It also disclosed that the expense needed to upkeep its inspectors totals $1.5 million yearly. This has been Cha Man-sun reporting from Geneva. [end Cha recording]

ROK: Sixth KEDO 'Site Inspection Team' To Visit DPRK

SK1206110796 Seoul YONHAP in English 1035 GMT 12 Jun 96

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO), promoting the construction of light-water nuclear reactors in North Korea, plans to send its 6th site inspection team to North Korea late this month.

An official at the Office of Planning for the Light-Water Reactors Project said Wednesday [12 June] the 6th site inspection team comprising about 10 technicians and scholars will leave for the Sinpo area, North Korea around June 27.

The team will be led by Mun Kil-chu, director of the Environment Research Center, Korea Institute of Science and Technology.

"About ten North Korean technicians will join the upcoming inspection activities for the first time," the official said.

The North Korean participants will be headed by Yi Myong-sik, deputy director of the North Korean Atomic Energy General Bureau and the North's chief delegate to the ongoing follow-up talks between KEDO and North Korea in New York.

The 6th team's survey would be focused on the oceanic conditions, weather, tides, social overhead capital facilities and wage conditions in the Sinpo area, the official added.

ROK: Kim Yong-sam Urges DPRK To Accept 4-Way Meeting Proposal

SK1206025296 Seoul YONHAP in English 0233 GMT 12 Jun 96

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — President Kim Yong-sam again urged North Korea Wednesday [12 June] to agree to the four-nation meeting that he and U.S. President Bill Clinton proposed to discuss establishing a permanent peace regime on the Korean peninsula.

In an address read by Prime Minister Yi Su-song at a meeting of more than 3,000 Seoul District members of the Advisory Council on Peaceful and Democratic Unification (ACPDU) held at Sejong Cultural Center, Kim said the proposed meeting would be in the interest of North Korea, since it would be the greatest beneficiary of the meeting.

"If the North Koreans discard their hostile attitude and agree to walk the path to inter-Korean cooperation, we won't spare any effort to help them cope with their difficulties," he added.

Noting the North's political unrest due to food and energy shortages, the president warned that the political crisis could lead to a reckless armed provocation.

National Unification Minister Kwon O-ki said the North's food-grain shortages are estimated at 2.33 million tons, adding that the food shortage will not be lessened by foreign aid and the harvest of such summer crops as potatoes and barley.

Commenting on the government's decision to give the North 3 million U.S. dollars in aid, he said it would be "a help from our heart to the northern brothers and sisters" and that the government will provide much more assistance to ease tensions and build mutual trust, if the proposed four-nation meeting takes place.

Kwon predicted that the basic civil engineering project for the construction of two light-water nuclear reactors in North Korea could possibly begin by the latter half of this year, if negotiations between the Korean Peninsula Energy Development Organization [KEDO] and North Korea go smoothly.

Negotiations have so far led to agreements on privileges, immunities, consular protection, communication and travel for KEDO officials in North Korea during the reactor construction project, he explained.

ROK: UN Formally Appeals to Members for Food Aid to North Korea

SK1106004596 Seoul YONHAP in English 0030 GMT 11 Jun 96

[FBIS Transcribed Text] United Nations [as received], June 10 (YONHAP) — The United Nations formally appealed to member countries Monday [10 June] to chip in to help provide North Korea with emergency food assistance.

Deputy UN Secretary General for Humanitarian Assistance Yasushi Akashi said in a letter addressed to ambassadors accredited to the world body that the United Nations has earmarked 43.6 million U.S. dollars in emergency food aid for North Korea between July 1 and March 31 next year.

Pointing out that the North sustained devastating farm damage from floods in 1995, Akashi requested that their countries extend attention and support to the UN appeal.

The scale of the food assistance for Pyongyang was set based on the assessment of the North's food situation made by such UN agencies as the World Food Program, United Nations Development Program, Food and Agriculture Organization, World Health Organization and United Nations Children's Fund.

Akashi is scheduled to appeal for active participation in the proposed food assistance for North Korea in a meeting here Wednesday with representatives from approximately 10 Asian countries including South Korea, Japan, China, Thailand and Indonesia.

ROK: Government, NKP Propose KEDO-Style DPRK Food Aid Consortium

SK1206031296 Seoul YONHAP in English 0241 GMT 12 Jun 96

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — The South Korean Government and the ruling New Korea Party [NKP] have decided to actively study the formation of a Korean Peninsula Energy Development Organization (KEDO)-style four-nation consortium to push for food aid to North Korea.

The government and the NKP agreed, in a joint meeting outlining the government decision to offer grain aid to North Korea, on the need for an international consortium as a medium- and long-term means to provide a stable food assistance to communist Korea.

The newly envisioned consortium discussed in the closed-door meeting is reportedly to be made up of South Korea, the United States, Japan and China. The meeting was attended by Deputy Prime Minister Kwon O-ki, Rep. Yi Sang-tok, chief NKP policymaker, and Rep. Son Hak-kyu, chairman of the NKP policy coordination committee no. 1.

The participants agreed that it was more desirable, in light of North Korea's particular situation, to work out a KEDO-style formula than for South Korea to take the lead in helping alleviate the food difficulties in the North, sources close to the meeting said.

The ruling party and the government also agreed that South Korea must work out a long-term strategy for providing North Korea with a steady flow of assistance from a humanitarian viewpoint and decided to study the formation of a new non-governmental organization that will handle food aid to North Korea separately from the (South) Korean National Red Cross.

The participants reaffirmed their position that the government will not allow private organizations to send rice to the North, considering the issue of transparency of North Korea's use of rice aid and the problem of demand and supply of rice in domestic market.

Rep. Yi said, "We need to cope flexibly with the internal and external changes related to food aid to North Korea. We need to take a more active approach to providing food from a humanitarian viewpoint."

ROK Red Cross To Provide Grain Relief to DPRK

SK1206063196 Seoul CHOSON ILBO in Korean 12 Jun 96 p 2

[Report by Kim Yon-kwang]

[FBIS Translated Text] Following the ROK Government's decision to allow grain relief to North Korea through private organizations, the Korean National Red Cross [KNRS] is planning to provide grain worth 200 million won to North Korea by next month.

An KNRS official said on 11 June that "The International Federation of the Red Cross and Red Crescent [IFRS] appealed last March for assistance in the form of rice, soybeans, edible oil, and construction materials," and added that "since the government disallows rice aid, the KNRS will hold discussions with the IFRS to decide on the type of grain that will be provided to North Korea."

He then predicted: "There will no difficulty in providing aid in the form of other grains, such as barley or wheat."

ROK: Dailies on Decision To Give DPRK $3 Million in Aid

SK1206083196

[FBIS Report] The following is a compilation of editorials from ROK vernacular newspapers published on 12 June, commenting on the ROK Government's decision to provide $3 million in aid to the DPRK, which was announced by National Unification Minister Kwon O-ki on 11 June.

The moderate CHUNGANG ILBO carries on page 6 a 900-word editorial entitled "Northward Policy Should Be Worked Out More Confidently." Detailing the government's plan for food aid to North Korea, the editorial hails the plan as "an important and significant decision," although it is small in scale. With this decision, the government is now able to get rid of criticism for being "narrow-minded" even in humanitarian relief work, and for causing unnecessary discord in cooperation with the United States over the issue of food aid to North Korea. Assessing the government's decision as an expression of flexibility in its policy toward North Korea, the editorial says that the decision reflects the fact that the ROK Government has "taken pains" to satisfy a number of different opinions at home and abroad in connection with the ROK's aid to the DPRK. The editorial concludes by calling on the government to "act more confidently and fairly with a view to taking the initiative in resolving the issue of the Korean peninsula," instead of being dragged along by outside pressure.

The moderate HANGUK ILBO publishes on page 3 a 1,100-word editorial entitled "Northward Policy Should Be Freed From Hard-Line Position." Describing the government's decision as a "fortunate" and "significant" event in that the ROK joined humanitarian relief work along with the United States and Japan, the editorial states, however, that one has an impression that the decision is the result of the United Nation's active appeal and also of pressure from various sectors, including religious groups. Criticizing the government's "hard-line policy on rice aid" to North Korea, the editorial writes that as long as food aid to the DPRK is concerned, "the ROK-U.S.-Japan cooperation has virtually collapsed," and expresses discontent with "the government's excessively passive and cautious attitude toward North Korea." The editorial then stresses that the scale of aid should have been "on a par with the United States and Japan" and the items of aid should not be restricted. At the same time, the editorial urges the government to demand that the United Nations guarantee the transparency of delivery of relief goods, including distribution of food and medicines to citizens, not to the military.

The moderate TONG-A ILBO carries on page 3 a 900-word editorial entitled "Food Is To Be Provided to North Korea." The editorial writes that the ROK participation in food aid to North Korea is "an inevitable choice" from the humanitarian point of view and as a non-permanent UN Security Council member, and assesses it as a "prudent decision." The editorial points out that North Korea asks for international help "without spending 130 million dollars, which the North received from eight Western reinsurance companies for poor harvest, on purchasing food," branding the request "unreasonable." The editorial then emphasizes that "the government should be prepared for a full-fledged government-level food aid to North Korea in the event that North Korea responds to the four-way talks or formally requests for aid to our government." The editorial then calls on the government to pay attention to the difficult problems lying ahead of the ROK, including the ROK's insufficient rice stock and shortage of funds to buy rice in international markets. Stating that North Korea's food shortages have basically resulted from a failure in North Korean economic policy, the editorial calls on the government to prepare for cooperation in improving North Korea's overall agricultural structure.

The moderate KYONGHYANG SINMUN publishes on page 3 a 1,100-word editorial entitled "The Unpleasant Aftertaste of DPRK Aid." Describing the government decision as "a complete about-turn" in its policy on aid to North Korea, the editorial raises doubts regarding "the basic direction of the government's policy on North Korea," and stresses that "despite the government's current dilemma, we frankly feel that we cannot joyfully agree with the government's decision for aid to the DPRK." Listing the reasons for disagreement, including North Korea's thoroughgoing neglect of South Korea's proposals, the editorial writes that the government should adhere to the principle without shaking its basic policy toward North Korea. The editorial then hails the relatively lower amount of the ROK aid to the DPRK as "an appropriate level." In addition, the editorial urges the United Nations to persuade North Korea to open up its doors to the international community.

The left-leaning HANGYORE SINMUN carries on page 3 a 1,100-word editorial entitled "Why Not Rice?" The editorial expresses regret for the government restricting the items of aid and describes the government's decision as the result of pressure from international movements. Stating that even Pakistan, which is in far more difficult situation, showed willingness for aid to North Korea, the editorial writes that the government's measure to restrict items of aid reflects its "narrow-mindedness" and emphasized that one should find and send what is most needed by the other side that asks for help. The editorial points out that the greatest reason for our help to North Korea is the simple fact that "our fellow countrymen in the North are unable to get out of starvation," and this can justify everything.

ROK: UN Office Says DPRK Recovering From Flood Damage

SK1206092696 Seoul YONHAP in English 0906 GMT 12 Jun 96

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — Though North Korea's food problems are acute, they are not so serious as to be a hopeless case or to set off a public commotion as some analysts warn, the UN Department for Humanitarian Affairs (UNDHA) reported Wednesday [12 June].

North Korea, while enduring a life of privation, has been undertaking rehabilitation programs on schedule, the UNDHA report said.

In the report on the results of its on-the-spot survey of 1995 flood damages, UNDHA, quoting North Korean statistical figures, said 53 percent of water reservoirs damaged, 97 percent of crippled pumping facilities, 39 percent of embankments washed away, 100 percent of damaged waterways and 71 percent of irrigation facilities damaged have been rehabilitated.

As to the transparency of the distribution of the foodstuff shipped to the North last October and March, UNDHA said field surveys made in cooperation with North Korean authorities could confirm that the food donated were being distributed properly to needy people.

Interviews with those people presented with food and random sample survey of families indicate that the food distribution made by the North Korean authorities was proper, it said.

The UN department went on to say that North Korea had promised proper monitoring of the distribution of the United Nations' second-phase food assistance now being promoted.

Details for the monitoring, it said, will be decided in the days to come in talks between relevant international organizations and North Korean authorities.

UNDHA also said there needs an emergency food assistance [wording as received] of about 70,600 tons for North Korea until the time of September harvests while rice imports North Korea needs amount to 400,000 tons on a minimum-ration basis.

Farm lands damaged in last year's floods totalled 360,000 hectares, which included 106,900 hectares of rice paddies and 94,700 hectares of corn fields washed away, and 40,000 hectares of farm lands covered with dirts, the UNDHA report added.

ROK Weekly Profiles DPRK Air Force, Weaknesses

SK1106122796 Seoul CHUGAN CHOSON in Korean 6 Jun 96 pp 22-23

[Article by Yu Yong-won, reporter from the Social Affairs Department: "North Korea Is Also Poor in the Sky"]

[FBIS Translated Text] Attention has focused on the North Korean Air Force since Captain Yi Chol-su defected to the ROK on 23 May aboard a MiG-19. The North Korean Air Force consists of approximately 850 strategic aircraft, including MiG-29's; approximately 500 support aircraft, including AN-2 transports; and approximately 290 helicopters.

These numbers are far greater than the corresponding figures for ROK Air Force, except in helicopters. "The ROK Defense White Paper for 1995" notes that the ROK Air Force has approximately 520 strategic aircraft, including F-16's; approximately 160 support aircraft; and approximately 630 helicopters. However, military experts state that a numerical comparison does not make any sense because North Korea has many old planes manufactured in the 1950's or 1960's.

Among North Korea's approximately 850 strategic aircraft, MiG-29's, MiG-23's, and Su-25's may be classified as new generations of aircraft. North Korea reportedly has 15 MiG-29's, 46 MiG-23's, and approximately 30 Su-25's. The latest model among them, the MiG-29, is an excellent aircraft and considered to be equal to or slightly superior to the F-16 of the ROK Air Force. In particular, it has an excellent air combat capability. After Germany was unified, MiG-29's and F-16's engaged in mock air combat, with most of the MiG-29's winning, which shocked the United States. North Korea purchased 13 MiG-29's in the early 1990's and assembled two planes in 1992 on its own. However, it has not been able to assemble any more because Russia stopped supplying parts.

The MiG-23, developed in the mid-1960's, is a fighter-bomber for air combat and attacks on ground targets. It reportedly is similar to the F-4 Phantom of the ROK

Air Force. Like the A-10 tank killer of the U.S. Forces Korea, the SU-25, armed with bombs and air-to- ground missiles, is a special aircraft designed to attack tanks and armored personnel carriers on the ground.

The ROK Air Force has approximately 60 F-16's and approximately 130 F-4 Phantoms at present (1995 edition of "The Military Balance" by The International Institute for Strategic Studies of Great Britain). The ROK has far more latest models than does North Korea.

The MiG-19, MiG-21, MiG-15, MiG-17, Su-7, and Il-28 fighters of the North Korean Air Force can be classified as old models. According to "The ROK Defense White Paper" and "The Military Balance," North Korea has approximately 130 MiG-21's and MiG-19's each, approximately 320 MiG-15's and MiG-17's, approximately 20 Su-7's, and approximately 80 Il-28's. Among them, the MiG-15's were in use during the Korean war and are "the junk of junk" that should be on display in museums. Therefore, officials of the ROK and U.S. Air Forces feel that the fact they are still in use is shocking. These officials say all these aircraft can do is drop one or two bombs. The MiG-17, which was developed right after the MiG-15, seems to be similar to the MiG-15 in performance and can no longer be called a fighter.

Captain Yi Ung-pyong defected to the ROK aboard a MiG-19 in 1983. The MiG-19 is "junk" developed in the mid-1950's, but reportedly has excellent maneuverability in air combat. It is similar to the F-5A/B of the ROK Air Force in performance. The MiG-21, which was once believed to be superior or similar to the F-4, was found during the Vietnam and Gulf wars to be overestimated. It is now considered similar to the F-5E/F of the ROK Air Force. The ROK Air Force has approximately 200 F-5A/B's and F-5E/F's. The SU-7, like the Su-25, is designed for attacks on ground targets. Still, it was developed in the 1950's, and thus carries less ammunition that the F-5E/F.

The Il-28 attracts attention in that it is the only bomber model North Korea has. Still, it is a "junk" model that carries even less ammunition than the F-4 Phantom. Nevertheless, the ROK Ministry of National Defense once "made ill use" of this model when it needed to exaggerate North Korea's military threat. At that time, the ministry insisted that the "North Korean Armed Forces have bombers, even though the ROK has none."

The North Korean Air Force is inferior to the ROK Air Force qualitatively, even though it has a numerical advantage. Therefore, overall, it is inferior to the ROK Air Force. Captain Yi Chol-su, who defected recently, has flown planes for a total of 350 hours, 20 percent of his ROK counterparts, even though he has served as a pilot for 10 years. As shown, pilots' flying records are very limited due to fuel shortages, which is a significant weakness of the North Korean Air Force. An ROK Air Force official said: "Due to fuel shortages, North Korean Air Force pilots have ground training in large part by using simulators. Therefore, their actual-flight records are a fifth those of their ROK counterparts." He also said: "Even during flight training, they mainly conduct landing and takeoff exercises, rather than tactical mobile training."

All these planes belong to three fighter wings under the Operations Command of the Air Force, located in Chunghwa, South Pyongan Province. The first fighter wing command is located in Kaechon of South Pyongan Province; the second, in Toksan of South Hamgyong Province; and the third, in Hwangju of North Hwanghae Province.

What attracts our attention with regard to the North Korean Air Force's organization and command structure is the defect in the North Korean air control system which was disclosed when Captain Yi defected on 23 May. For 19 minutes — from 1030, when Yi took off from the Onchon air base, to 1049, when he arrived at the ROK's Northern Limit Line — the North Korean air control system was in a flurry to find the plane and failed to scramble even an interceptor plane. When Captain Yi was passing by Haeju, North Korea reportedly began to try to find Yi's plane by mobilizing all observation posts along the west coast. And, the North Korean Air Force Headquarters was in a flurry, urgently asking the command of the 1st Air Division, where Yi was serving: "Did you see him flying toward the sea?"

North Korean observation posts scattered along the West Coast each monitor their own blocks of the sky. This is why North Korea was in a flurry at that time. It is said to be difficult for these observation posts to systematically respond if a plane like Captain's Yi flies southward at a high speed. Another analysis is that the North Korean Air Force stations medium- or small-sized radars in valleys or on mountain slopes for fear of air raids and, therefore, can observe limited areas and that because semiautomatic equipment is installed at those posts, while there is automatic equipment in South Korea, they are slow to respond to emergencies.

In contrast to North Korea's slow response, the ROK Air Force quickly responded to Captain Yi's defection on 23 May. The Master Control and Reporting Center and Air Control Center of the Osan Air Base played a decisive role. Located inside a massive concrete bunker, it is the central nerve of the ROK air control system. It was the first to spot Captain Yi's MiG-19 and instructed the two F-16's, which were on patrol, to intercept the North Korean plane.

ROK: Prosecutor To Prevent Accessing Internet Homepage on DPRK

SK0706004996 (Internet) The Digital Chosun Ilbo WWW in English 1158 GMT 6 Jun 96

[FBIS Transcribed Text] The Seoul district prosecutors' office confirmed Thursday [6 June] that a homepage which glorifies Kim Il-song, his son, and the North Korean system has been opened in the Internet. They also announced that they will regulate the actions to read, copy, or distribute the homepage. The homepage was opened by a pro-North Korean living in Canada in order to propagandize North Korea through pictures of Kim and his son, slogans, and books.

The prosecutor's difficulty lies in the lack of measures to control access to the homepage as available through legislation or regulations. Therefore, the prosecutor will take measures to prevent local providers from accessing the homepage as well as to wait until users print or upload the North Korean file onto the network.

ROK Group Wants ROK Included in U.S. Visa Waiver Pilot

SK0706095496 Seoul YONHAP in English 0821 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — South Korea's biggest business association said on Friday [7 June] that it sent letters to 540 U.S. senators and house representatives in a "letter campaign" to ask them to include South Korea in the U.S. visa waiver pilot program (VWPP) countries.

The Federation of Korean Industries (FKI), which sent letters last year to the U.S. secretary of the treasury and secretary of commerce last year to urge them to conclude a visa waiver agreement with South Korea, said that the agreement is necessary to strengthening the economic cooperation between the two nations.

"In general, we wish to state our conviction that a review of the U.S. visa issuance policy toward Korea can only have a positive impact on every aspect of our bilateral relationship," the FKI said in the letters.

The FKI emphasized that last year, the equivalent of 2 billion U.S. dollars, 78.9 percent of Korea's gross overseas investments, was invested in the United States by the members of the FKI.

"This would seem to suggest that difficulties related to obtaining an entry visa into the United States are not only concerns for specific enterprise groups but for most companies doing business with the United States," the federation said in its letters.

The federation pointed out that according to U.S. Trade Representative data, South Korea's contribution to the increase of the U.S. exports was the third largest in the world following Canada and Japan.

"At the same time, the greater frequency of travel to the United States, whether it be business-related or not, facilitates the exchange of communications necessary for good overall relations between the two countries. Therefore, with all due respect for your relevant law, it is our strong belief that special legislation H.R. 2582, which would allow Korea to join the ranks of other countries in the VWPP, would mutually benefit both Korea and the U.S.," the FKI said.

ROK Semiconductor Makers Readjust Production Plans in U.S.

SK0706015996 Seoul THE KOREA TIMES in English 7 Jun 96 p 8

[FBIS Transcribed Text] Leading Korean semiconductor makers are hurriedly readjusting their production plans for their plants in the United States, which are expected to go into commercial operation in the second half of next year.

The modification of the production plan is mainly due to recent developments in the world market, in which the prices of DRAM (dynamic random access memory) products have been falling sharply.

According to officials at Samsung Electronics, the company is likely to go directly into the commercial production of 64M DRAMs instead of proofing the facility in Austin, Texas, with 16M units.

One Samsung official said the global market is currently flooded with 4M and 16M units, thus driving down their prices, and increased production of the products at the new plant will not help the situation.

The plant is expected to adopt a 0.35-micron design rule for the production of 25,000 units of 8-inch wafers. The construction of the plant in the central United States was launched last March.

As for Hyundai Electronics Industries [HEI], another leading maker of memory semiconductors, which is now building a plant in Eugene, Oregon, the plan is to watch the global supply situation before deciding on which of the DRAM products will be manufactured first.

"The basic rule for new plants is to proof it through the manufacturing of old, existing products, which already have high yields, but we could decide to go with brand new products in Eugene," one HEI official said.

He went on to say that there is no telling if the situation will continue until the second half of next year, and it is still premature to decide although the initial production plan will probably have to be modified.

Recently, the prices of memory devices, especially DRAMs, have been hitting rock bottom with the 16M unit, the current market standard, plunging from $50 at the end of last year to $15-$20 last month. Current projections show that it will be a while before the prices stabilize at a more reasonable level.

To deal with the situation, companies like Samsung and LG Semicon have been making concerted efforts to increase the production of more powerful memory devices, including the synchronous DRAM, whose prices are holding.

ROK: CNN Not To Open Pyongyang Branch in 'Forseeable Future'

SK1106024496 Seoul YONHAP in English 0143 GMT 11 Jun 96

[FBIS Transcribed Text] Seoul, June 11 (YONHAP) — Senior Vice President Eason Jordan of Cable News Network (CNN) international reiterated Tuesday [11 June] that his network has no plans to open a branch in North Korea in "the forseeable future."

The executive, now in Seoul to attend the 35th International Advertising Association's (IAA) World Advertising Congress, also told YONHAP News Agency that he hopes to make his sixth trip to the North sometime this fall.

Jordan visited Pyongyang for four days in February and spoke with North Korean officials such as Kim Yong-sun, chairman of the Asia-Pacific Committee, on the severity of food situation there. He said that he was not able to see much there because his trip was too short.

The network is still very much interested in an interview with North Korean leader Kim Chong-il as previously reported, Jordan indicated.

"We would be delighted to have that opportunity," he said, but doubts that it would happen any time soon.

CNN is "very excited" about the Korean cable industry, he said, and looks forward to strong relations with related Korean firms and organizations.

Jordan said he is pleased with the reception of his network's entry into the Korean market and his meetings with the heads of Korean media, adding that CNN is interested in promoting Korean products worldwide and strengthening its relations here.

Daniel A. Stone, senior vice president of Turner Broadcasting Sales, Inc., noted that media growth here is "exploding" and that now is a perfect time for the world advertising congress to be held here.

Jordan also expressed his hope that the Korean media distribution market will open up further so that CNN and other Turner-owned channels can be viewed on cable here as it is in Hong Kong, Indonesia, Japan and Taiwan.

"I'm sure that day will come."

Stone added, "To the extent that we are not able to (gain enough access to the Korean media market), we think that should change."

Commenting on the difficulties that the Korean cable industry has faced since it was launched last year, Jordan said, "All countries with cable face growing pains, but through patience and persistence, cable systems will be successful."

ROK, Russia To Hold Talks on Mutual Legal Assistance Treaty

SK0706020396 Seoul YONHAP in English 0026 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — South Korea and Russia will have talks Monday [10 June] about signing a mutual legal assistance treaty in involving such criminal matters as drug and arms trafficking, Foreign Ministry spokesman So Tae-won said Friday.

The South Korean delegation led by Treaties Division Director Pak Hui-kwon will focus on exchanging opinions on the extent of cooperation in criminal matters, the legal systems of the two countries and exceptions to the proposed legal cooperation treaty, So said.

South Korea and Russia have cooperated in cracking down on illegal arms trafficking by seamen and attempts by international crime rings to smuggle narcotics and arms into South Korea through the Far-Eastern Russian island of Sakhalin.

South Korea has so far signed extradition agreements with 10 countries including Australia, Canada, Spain, the Philippines, Chile, Argentina, Brazil, Paraguay, Mexico and Thailand while maintaining mutual legal assistance treaties with Australia, Canada, the United States and France.

Russia meanwhile has mutual legal assistance treaties with 44 countries.

ROK: Civil Aviation Talks With Russia Fail To Reach Consensus

SK0906054796 Seoul SEOUL SINMUN in Korean 8 Jun 96 p 2

[Report by Moscow Correspondent Yu Min]

[FBIS Translated Text] Because the ROK and Russia have failed to reach consensus on negotiations to revise the ROK-Russian civil aviation agreement, ROK passenger planes may lose the right to use the Siberian route, the shortest regular air route bound for Europe.

An ROK concerned party who attended the meeting said that during the three-day talks held in Moscow on 4-6 June, Russia gave the ROK the ultimatum that it would revoke the ROK's right to use the Siberian route unless the ROK accepts its demand to allow its ROK-bound passenger planes to make 60 flights a week.

Russia has set 15 June as the deadline for the ultimatum.

ROK: Kim Yong-sam, Dutch Prime Minister Discuss Bilateral Ties

SK1006032096 Seoul YONHAP in English 0250 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — President Kim Yong-sam met with visiting Dutch Prime Minister Wim Kok Monday [10 May] morning and exchanged views on issues of common interest, including the promotion of bilateral cooperative relations.

During the Chongwadae [presidential offices] meeting, they expressed satisfaction with the continued development of the relationship between their countries.

They also discussed ways to upgrade the traditionally friendly and cooperative ties to the level of mutually complementary companionship towards the 21st century.

Trade between the two countries last year exceeded 2.5 billion U.S. dollars, so they agreed to seek ways to increase trade and investment and expand the exchange of and cooperation in science-technology, construction and culture.

Kim thanked Kok for the Netherlands' decision to provide another 500,000 dollars this year, in addition to the same amount last year, to the Korean Peninsula Energy Development Organization (KEDO). Kim then asked the Dutch leader that the Netherlands play an active role for the European Union's admission to the KEDO.

After praising the Seoul government's efforts to ensure peace on the Korean peninsula, Kok gave full support to the four-way talks recently proposed by South Korea and the United States to establish a peace formula for Korea. Kok also congratulated South Korea for being named to co-host the 2002 world cup finals.

They agreed the two countries will cooperate to make the Seoul Asia-Europe meeting (ASEM) in the year 2000 a successful convention.

ROK: Netherlands Premier Stresses Economic Cooperation

SK1006130596 Seoul YONHAP in English 1109 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — Holland wants to take part in the construction of the new international airport to be built on the Yongjong Island west of Inchon, gateway to the capital city of Seoul, Dutch Premier Wim Kok said here Monday [10 June].

Meeting reporters at the Hyatt Hotel on the foot of Mt. Nam, the prime minister stressed that his country has many experienced dredging firms for proper maintenance of dikes, dams and waterways to which the existence in his country of large lower lands owes.

"President Kim Yong-sam showed interest in how far the Netherlands can take part in the projects for new harbors and airports (in South Korea)," said Kok who met President Kim at Chongwadae [presidential offices] earlier in the day.

"I hope that we can discuss very concrete possibilities (on that issue) in a few days," he said.

Kok also said he offered excellent opportunities for South Korean firms to establish manufacturing industries in the Netherlands, claiming that the labor cost is low and the society is stable there.

Amsterdam, which has the third largest airport in Europe, will surely serve as the gateway to the whole Europe for South Korean businessmen and its firms, Kok said.

"As both President Kim and I are fanatic soccer fans, I congratulated Kim for the co-hosting of the final matches for the 2002 World Cup in South Korea and Japan," Kok said, hoping that his country could send a strong soccer team to the 2002 World Cup in South Korea via the new Yongjong International Airport built in part by the Dutch engineers.

Construction, energy, defense and trade are major areas in which the Dutch premier showed interest.

A minister accompanying the premier also said that the Netherlands is interested in wider opening of the South Korean market to Dutch agricultural products and exchange of banks and other financial institutions between the two countries.

To expedite economic cooperation between the two countries, the Dutch Government expects that its national flag carrier KLM will increase its weekly Seoul flights to seven from the current four beginning 1999, according to the minister.

The Dutch premier noted that the Netherlands donated 500,000 dollars to the Korean Peninsula Energy Development Organization (KEDO) last year and also made some contributions to the international efforts for humanitarian aid to North Korea under the sponsorship of the United Nations.

That's because the Dutch people have interest in securing peace and stability on the Korean Peninsula, the premier said, adding that his government will examine any further request for humanitarian assistance for North Korea in this context.

Kok expressed the hope that President Kim Yong-sam will visit the Netherlands sometime next year to further enhance bilateral political and economic relations.

ROK, Mexican Trade Officials Discuss Cooperation

SK1006070696 Seoul YONHAP in English 0548 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — South Korea and Mexico held a joint economic committee meeting Monday [10 June] to discuss ways of enhancing trade, investment, tourism, science, technology and finance cooperation, a Foreign Ministry spokesman said.

Deputy Foreign Minister for Policy Planning Cho Won-il and undersecretary for international cooperation Javier Cantu Trevino [name as received] focused on signing an investment guarantee agreement and a pact on customs clearance cooperation, the spokesman said.

Mexican representatives expressed the hope that South Korea allow more Mexican agricultural imports and an interest in enhanced bilateral scientific and technological exchange.

The two sides agreed in principle to sign an agreement on cooperation between the Korea Institute of Science and Technology (KIST) and its Mexican counterpart Conacyt.

Mexico was the third largest South American market for South Korea with 940 million dollars in 1995. More than 20 South Korean firms have invested in excess of 800 million dollars in Mexico.

ROK, EU Fail To Settle Telecom Market Opening Disputes

SK0806032096 Seoul YONHAP in English 0227 GMT 8 Jun 96

[FBIS Transcribed Text] Seoul, June 8 (YONHAP) — South Korea and the European Union failed to resolve disputes Friday [7 June] about EU access to the South Korean telecommunications market, Foreign Ministry spokesman So Tae-won said Saturday.

During the talks in Geneva, Switzerland, the EU side demanded that it be given the same treatment as provided to the United States in the government procurement of telecommunications equipment.

The EU also claimed that South Korea's regulations of telecommunications procurement violated World Trade Organization (WTO) regulations which guarantee de facto national treatment for foreign firms.

South Korea meanwhile insisted that its regulations on telecommunications procurement do not run counter to WTO regulations.

The two sides agreed that they will arrange another round of telecommunications talks later through diplomatic channels, according to So.

ROK: Government, EU To Discuss Bilateral Trade Issues

SK1006031596 Seoul YONHAP in English 0254 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — Trade officials of South Korea and the European Union (EU) will meet in Seoul Tuesday [11 June] to discuss a bilateral framework agreement to facilitate the exchange of goods and services, Foreign Ministry spokesman So Tae-won said Monday.

Seoul officials will point out that the EU's anti-dumping procedures have restricted Korean access to the EU market while proposing a joint science and technology development project.

Representatives from the EU are expected to insist that South Korea open its telecommunications, automobile, food, medical product and cosmetic markets wider, take measures to protect intellectual property rights and simplify customs clearance procedures.

Director General Choe Hyock of the Foreign Ministry's International Trade Bureau will represent Seoul side and the EU will be represented by Director General Percy Westerlund [name as received] who is in charge of Asian affairs at the European Commision.

ROK: Officials May Face Opposition if OECD Proposals Accommodated

SK0906015296 Seoul THE KOREA TIMES in English 9 Jun 96 p 9

[FBIS Transcribed Text] A tug of war is developing between Korea and the Organization for Economic Cooperation and Development (OECD) over the nation's entry into the Paris-based club. The OECD said it will welcome Korea's accession to the club as long as it meets all the necessary procedures and requirements. The statement here is regarded as the club's final-offer effort to force Korea to make more market-opening concessions, analysts here said.

Seoul officials here officially said they are willing to join the club as it will strengthen the international competitive edge of Korean industries and the Korean economy and upgrade the living standards of the Korean people. But they repeated their previous position that entry into the OECD will be pushed "within a framework of not burdening the economy unnecessarily."

Deputy Premier and Finance-Economy Minister Na Ung-pae Friday [7 June] presided over a meeting of economic ministers to review progress in the nation's OECD entry process and to reaffirm Seoul's final position.

At the meeting, they vowed to push for the OECD seat "within the limits of not sacrificing national interests."

On June 26, the OECD Fiscal Affairs Committee is expected to complete its review of the Korean tax system and practices without much debate. However, on July 4, Seoul may face irksome questions from OECD members, who are alleged not to be fully satisfied with Korea's financial, foreign investment and capital flow controls. Seoul officials might face serious domestic opposition if they roll over and accommodate additional market-opening and liberalization suggestions made by the OECD. The recent widening of the current account deficit has bolstered the voices of opponents to the OECD accession.

A Ministry of Finance and Economy official said he is neither optimistic nor pessimistic over the possibility of Korea's gaining an OECD seat this year. Any delay or rejection of Korea's entry into the OECD will have a negative effect on the international image of Korea, he added. However, the OECD might also be showing weakness if it excludes Korea and includes such former Eastern European countries as Hungary and Poland, he noted.

ROK: Deputy Premier Na Speaks at IAA World Advertising Congress

SK1006053396 Seoul YONHAP in English 0459 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The International Advertising Association [IAA] opened the 35th World Advertising Congress Monday [10 June] at the Korea Exhibition Center (KOEX) in southern Seoul.

"World vision," is the theme of the biennial advertising industry meeting to be attended by 2,500 foreign and domestic advertising representatives.

Some big names in advertising — Ted Turner of CNN, Toshitada Nakae, chairman of the ASAHI SHIMBUN, and Peter Weldon, vice president of the AC Nielsen Inc.— are attending the meeting which will last through Wednesday.

Kim Senyon, chairman of the Senyon Communications Inc., was elected world president of the IAA at the association's operations committee meeting held June 8 in Seoul.

Ted Turner will be presented with the 1996 IAA award for distinguished services to international advertising and marketing Tuesday.

Na Ung-pae, deputy prime minister and finance and economy minister, delivered a keynote speech at the opening session of the congress on "revolution in communications and the shrinking universe."

"Advertising, which has been a vehicle for selling products and images, must be used more widely and actively as a vehicle to bring prosperity and convenience to society in the age of information, which is the 21st century," he said.

Some of the major topics of discussion at the congress are; the new environment of marketing communications; connecting with the newly empowered consumers; Asia's dynamic emergence in the global market; Asia media-developments and availability; and the Asian consumers - similarities and differences.

The topics were covered by panel discussion groups.

There also were foreign and domestic advertising displays on the ground floor of the huge exhibition center. They included an international photography ad exhibition, the 35th IAA World Congress gift and premium exhibition, and displays arranged by the Art Directors Club of Korea, the 4th Korean International Sign Show '96, and a multimedia demonstration.

ROK Elected Nonpermanent Member of ILO Governing Body

SK1006130696 Seoul YONHAP in English 0744 GMT 10 Jun 96

[FBIS Transcribed Text] Geneva, June 10 (YONHAP) — The International Labor Organization [ILO] elected South Korea to a three-year-term as a member of its governing body at a general meeting held here Monday [10 June].

South Korea has thus come to play a significant role in international labor movements in less than five years after it joined the UN labor agency in December 1991.

In the election, the country gained the support of nine Asian-Oceanian Nations, including Japan, China, Australia, New Zealand and Mongolia.

Australia was also elected a non-permanent member of the ILO governing body which consists of 10 permanent member nations and 18 non-permanent member nations.

ROK: Amnesty International To Hold Concert for Wei Jingsheng

SK0806071796 Seoul YONHAP in English 0501 GMT 8 Jun 96

[FBIS Transcribed Text] Taegu, June 8 (YONHAP) — Amnesty International's South Korean chapter will hold a concert Saturday [8 June] afternoon calling for the release of imprisoned Chinese human rights activist Wei Jingsheng at Kyongpuk University.

The human rights watchdog plans to use the concert to publicize the need for improving human rights in China, and it is the first concert held by a Korean human rights organization in support of a foreign dissident.

About 1,000 people are expected to attend the event, which will feature performances by pop artists Kim Hyon-chol and Suzy Kang as well as rock bands from four universities in the Taegu area.

Amnesty's 160 chapters worldwide have been promoting Wei's candidacy for the Nobel Peace Prize since March.

Wei was jailed again recently after being released from prison in 1993, having served 14 years behind bars for pro-democracy activities.

ROK: More Securities Supervisory Board Directors Arrested

SK0706014696 (Internet) The Digital Chosun Ilbo WWW in English 1150 GMT 6 Jun 96

[FBIS Transcribed Text] The supreme public prosecutor's office has decided to arrest four more directors of the Securities Supervisory Board confirmed of taking bribes it was learned Thursday [6 June]. The prosecutor has also confirmed that it will pursue an investigation of vice-superintendent, Yi Kon-su, who is staying in Switzerland at this moment. They will summon him and begin juridical procedures once he returns.

The prosecutor has, moreover, completed an investigation of 12 to 13 businesses which gave bribes to Paek Won-ku, the former superintendent of the board. The prosecutor will indict the directors of the board who have been confirmed of taking bribes on June 21 when Paek's time limit for indictment expires.

ROK: Prosecutors Request Confiscation of Chon Tu-hwan's Assets

SK0806014696 (Internet) The Joong-Ang Ilbo WWW in English 8 Jun 96

[FBIS Transcribed Text] Prosecutors decided Friday [7 June] to request the confiscation of former President Chon Tu-hwan's entire assets including bonds estimated to be worth about 140 billion won, cash, his house in Seoul and ancient paintings in order to retrieve the 225.95 billion won which Chon received in bribes.

If the prosecutors' request is accepted, Chon's bonds and cash will be confiscated upon their discovery and his estate and real estate holdings will be frozen.

ROK: Ex-Presidential Aide Sentenced to Five Years for Graft

SK1106062396 Seoul YONHAP in English 0555 GMT 11 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The Seoul District Court sentenced Chang Hak-no, a former secretary to President Kim Yong-sam, Tuesday [11 June] to a five-year prison term and a 612 million-won fine for graft charges.

The prosecution earlier demanded seven years in prison for Chang, who was charged with taking 702 million won in kickbacks from 17 businesses while in office from January 1990 to last March.

Judge Pak Tae-tong said in his ruling, "Since he took bribes in return for various rights and privileges he arranged taking advantage of his position very close to the president who has been cracking down on corruption and irregularities since he was inaugurated, and thereby shocked the general public and downgraded the credibility of civil servants, a heavy penalty is given."

Chang's live-in girlfriend Kim Mi-cha, indicted on charges of illegally acquiring real estate worth 500 million won, was sentenced to a one-year prison term with a two-year stay of execution.

Kim's elder brother Ui-yong, indicted on similar charges, was given one and a half year prison term with three year stay of execution.

The panel found Chang not guilty on two of the 17 counts of bribery that involved 90 million won due to insufficient evidence.

ROK: Seoul Police Arrest 5 Students for 'Violent Demonstrations'

SK1106044296 Seoul THE KOREA TIMES in English 11 Jun 96 p 3

[FBIS Transcribed Text] The Seoul Metropolitan Police Agency Sunday [9 June] arrested five out of a total of 247 college students who were taken in by police for engaging in violent demonstrations on streets Saturday.

The five, including Yi Tong-son, 23, of Sogang University, will be prosecuted on charges of violating the Law on the Punishment of Firebombs Use.

The police also booked without physical detention 26 other students on suspicion of taking part in the protests that led to the blocking of traffic, and referred 212 to summary courts for fines or detention of up to 30 days.

Four of the 247 were released after being admonished.

The students who were arrested are suspected of throwing firebombs or attacking riot police with steel pipes during the demonstrations.

The largest demonstration took place in front of Konguk University Saturday afternoon and the police tried to prevent the students from taking to the streets.

The police's tough measures against violent student demonstrations came after the National Policy Agency announced that it would focus on arresting radical demonstrators rather than dispersing them.

A high-ranking police officer said, on condition of anonymity, "We will get really tough with any kind of demonstrations jeopardizing citizens' lives and destroying public order."

Also on Saturday, several Tongguk University students allegedly kidnapped two citizens they mistook for police detectives and held them for two hours from 7:30 p.m. Saturday [1030 GMT 8 Jun] at the Hanyang University Students' Council office.

Police are looking for the students involved in the incident.

During the Saturday demonstration, a police officer was beaten by students at about 9 p.m. [1200 GMT] and suffered bruises all over his body, the NPA said.

Cho Kyu-song, chief of the information department of Tongbu Police Station, was attacked by about 15 students while he was watching the protest from the second floor of a Chinese restaurant in front of Konguk University.

ROK: Kim Yong-sam on Successor, Soccer Finals, Rice Aid to DPRK

SK0806104996 Seoul YONHAP in English 1018 GMT 8 Jun 96

[FBIS Transcribed Text] Seoul, June 8 (YONHAP) — President Kim Yong-sam said the ruling New Korea Party's candidate for next year's presidential election should be able to meet the people's "hope of getting rid of the old, corrupt politics."

"Our people strongly expressed their hope of getting rid of the old, corrupt politics in the April 11 general election, and the New Korea Party will pick a standard-bearer who can meet the people's hope and the call of the times for change for the 15th presidential election late next year."

Kim made the remarks in an interview with the HANGUK ILBO, a vernacular daily of Seoul, on the occasion of its 42nd anniversary Saturday [8 June].

The president stressed that his successor should think in earnest of national interest and should be a sincere and honest worker who can overcome all temptations and sacrifice his personal interest for the sake of public interest.

He said in the remaining years of his term which expires in early 1998 he would continue strengthening the national security system and stamping out corruption and irregularities.

The reform programs will be so carried on as to improve the quality of life, with all the people participating, he added.

Asked about economic reforms, the chief executive said the government would continue deregulating business activities in a manner that will help businesses increase their international competitiveness, while focusing on promoting "rational" labor-management relations for industrial peace and management transparency for fair trade practices.

Touching on the new National Assembly's failure to elect the speaker and vice speakers in the face of the minority's opposition, Kim said in democracy the majority rule should be observed with due respect for minority opinion, adding the new parliament should be run on the principle of this rule.

Asked about the possibility of his meetings with such opposition leaders as Kim Tae-chung and Kim Chong-pil in the future, Kim said, "I met them right after the general election, and I'll meet them again whenever I think I should meet them."

Commenting on the co-hosting of the 2002 World Cup Soccer finals by Korea and Japan, he said the two countries should have full discussions about co-organizing the international sports event, adding such discussions would further promote overall relations between the two countries.

Asked about food aid to North Korea, the president said since the North's food crisis is "a structural problem," it needs "a structural approach."

But he revealed that food aid is being provided through Red Cross channels even now.

President Kim said North Korea would eventually accept the four-nation meeting jointly proposed by U.S. President Bill Clinton and him on establishing a permanent peace regime on the Korean peninsula, because Pyongyang would most benefit from the proposed meeting if it takes place.

ROK: Ministry Announces New Telecom Service Operators

SK1006130796 Seoul YONHAP in English 0751 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — LG Telecom, Hansol PCS and a subsidiary of Korea Telecom have been appointed new operators of the Personal Communications Service (PCS), beating a powerful consortium jointly led by the Samsung and Hyundai Business Groups.

The Ministry of Information and Communications made the final selection Monday [10 June] afternoon, and also announced new operators in six other telecommunications service fields — Trunked Radio System (TRS), wireless data communications, exclusive communications circuit leasing, international calls, cordless telephone-2 (CT-2) and paging service in the metropolitan area.

Anam Telecom became the nationwide Trunked Radio System (TRS) provider, and Air Media, Intec Telecom and Hancom Telecom were selected as operators of the wireless data communications.

A total of 53 consortiums had taken part in the tough competition to be the operator of the seven communications services thus far.

Korea Global Telecom, an eight-company consortium including Iljin and Halla, became the international call service supplier.

Winnet, a consortium led by Trigem Computer and Korea Electric Power Corp., and Green and Global Telecom, whose major shareholer is Taehan Oil Pipeline Corp., became the operator of optical fiber cable leasing.

Seoul TRS undertook the right to do TRS business in the metropolitan region, Global Telecom did so in Pusan and South Kyongsang Province, Taegu TRS in Taegu and North Kyongsang Province, Kwangju Telecom in Kwangju and South Cholla Province and Cheju TRS on Cheju Island. Taejon TRS, however, which had wanted to do TRS business in Taejon and South Chungchong Province, was judged unqualified.

Two mobile telecom companies Naray and Seoul were selected CT-2 provider in the metropolitan area, along with Korea Telecom, and eight consortiums became the regional CT-2 supplier in eight areas, including Pusan and South Kyongsang Province.

ROK: NCNP Demands Police Be Placed Under Local Government Control

SK0806023196 Seoul THE KOREA HERALD in English 8 Jun 96 p 2

[FBIS Transcribed Text] The main opposition National Congress for New Politics [NCNP] demanded yesterday that local police be put under the control of local governments.

When freed from the control of the central government the main opposition party said, local police would become politically neutral and pay greater attention to citizens' security.

The opposition party said it will submit revision bills to laws on government organization and police to the National Assembly in the near future.

For the revision of the laws, the National Congress for New Politics said it will ally itself with smaller opposition parties — the United Liberal Democrats and the Democratic Party — which had the political neutrality of police as one of their campaign promises during the April general elections.

The National Congress for New Politics and other opposition parties have claimed in the past that the police, together with the prosecution, are biased against them when they investigate political crimes, including violations of the election law.

The political neutrality of the police, the main opposition party said, can be ensured when their power is decentralized and they are placed under the scrutiny of the National Assembly.

But the ruling New Korea Party is opposed to the proposal that local police be freed from the control of the central government and placed under the supervision of local administration heads.

The ruling party said local police freed from the control of the central government would lean toward the political parties controlling local governments. It also said it would be costlier to maintain the dual structure of national and local police.

It would be difficult to coordinate cooperation among different local police forces when it comes to an investigation covering more than one region, the ruling party said.

The main opposition party, however, maintained the advantages would outweigh the disadvantages when local police are made politically neutral and freed from the control of the central government.

It proposed the police forces be divided into national and local police and that the control of the national police be transferred from the Ministry of Home Affairs to a police committee to be placed under the supervision of the prime minister.

The national police committee would be made politically neutral by permitting four of its seven members to be selected by the National Assembly, the opposition party said.

It said the President would appoint the committee chairman and appoint the remaining two members at the prime minister's recommendation and that the two members would be selected among lawyers.

The National Assembly would hold hearings on the President's appointment of the head of the National Police Administration.

Metropolis mayors, provincial governors and provincial councils would play similar roles in forming local police committees to be placed under the supervision of local government heads, it said.

It said the central and local governments would share the budget for local police.

ROK Editorial Views Issue of Control Over Seoul Traffic Police

SK1106024296 (Internet) The Digital Chosun Ilbo WWW in English 1201 GMT 10 Jun 96

[Editorial: "Traffic Police To Fall Under City Jurisdiction"]

[FBIS Transcribed Text] The Seoul Metropolitan Council has submitted a recommendation to the Prime Minister's Office, that traffic control should fall under the jurisdiction of the City rather than stay under the authority of the National Police. According to the Council, traffic related operations, such as enforcing traffic signals and bus lane usage cannot be effective when authority is divided between two masters.

The Council's recommendation is very persuasive, arguing for a system where traffic administrative bodies are unified, and then divided along the national and local lines. Traffic would then fall under local administration, and other issues like crime prevention and international crime would fall under the responsibilities of the national branch.

In Seoul's case, various measures for easing the traffic crisis fall under the jurisdiction of the City of Seoul. Enforcement, however, is the responsibility of the police, and there have been numerous conflicts between the two administrations. Seoul is hardly an exception, though. Still, it is necessary that other major cities, and autonomous governments across the country also proceed with their own improvements.

The Seoul Metropolitan Council has already threatened to cut next year's police budget, should their recommendation fail to be accepted (current budget is 23 billion won). The problem, then, is how to unify the different bodies of traffic administration. The Council's recommendation is but one method. Another option is to reduce the police department's responsibilities to about half. The justification for maintaining a shared administration of traffic is the prevention of corruption, which is possible because there is no concentration of power in one department.

The fundamental source of conflict between the City and the police is the inability of the police to adapt to local needs where they are stationed.

It is desirable, then, that the Prime Minister consider the claim that parking falls under the jurisdiction of each ward office, therefore, the City does not have an effective countermeasure. [sentence as received]

ROK: Ministry Names Chon To-pong New Marine Corps Commandant

SK1106054796 Seoul THE KOREA HERALD in English 11 Jun 96 p 3

[FBIS Transcribed Text] The government has designated Vice Marine Corps Commandant Maj. Gen. Chon To-pong as new commandant of Marine Corps as of July 30, the Defense Ministry announced yesterday. Chon will be promoted to lieutenant general on the same day, the ministry said.

Chon will replace outgoing Lt. Gen. Yi Sang-mu who will be retiring at the end of June, a ministry official said.

Chon, 52, has been serving as vice commandant of Marine Corps since April this year.

ROK: LG Information, Communications Head Holds News Conference

SK1206050296 Seoul THE KOREA TIMES in English 12 Jun 96 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] When the Samsung Group approached the LG Group to form a consortium for the personal communications service (PCS), LG said no. After all, it had the technology and it was willing to go at it alone.

In the words of LG Information and Communications President Chong Chang-ho, it simply would not have been fair if LG and Samsung joined hands since they were the leading authorities on digital communications technology.

"I said no because I felt that there needed to be fair competition and the merger of the top two companies might lead to a monopoly," he had told reporters back in March.

Three month later, LG Telecom, the consortium led by LG Information and Communications, can take comfort and pride in the fact that it waged fair competition with a formidable team led by the Samsung and Hyundai Groups and came out the winner.

In a press conference held Monday [10 June] after the government announcement, Chong said the heated competition is now over and that all parties involved should enter into a cooperative mode to provide the best services possible.

From the outset, LG insisted that it was the first to commercialize the technology for code division multiple access (CDMA) and that no other company was better positioned to introduce digital communications.

There had been tremendous competition with the Samsung Group, which also claimed to be a pioneer in digital CDMA communications, but the record showed that LG had indeed been one step ahead of its competitors.

For instance, back in April, LG became the first company in the world to initiate CDMA cellular telecommunications services in the country, supplying its switching systems to Korea Mobile Telecom.

While Samsung brought more hype to the public by holding major demonstrations to showcase its technology, there is no denying that LG is still in a leading position where the qualification of related technology is concerned.

Samsung has been supplying its switching systems and is about to sell CDMA terminals to Shinsegi Telecomm, the nations second provider of cellular communications services.

Banking on its technological edge, LG Information and Communications proceeded to put together a consortium of seven large enterprises, 25 medium-size firms and 117 small companies, limiting its ownership to just 29 percent. LG officials said the initial paid-in capital of the new company, which will soon be formally established, will be 200 billion won but will be gradually increased to 500 billion won.

With an estimated investment of 830 billion won, LG Telecom is hoping to post a turnover of 570 billion won by the early part of the next century after going into commercial operation in 1998. "After kicking off formal operations in 1998, we will expand across the nation over the next two years, putting everyone within the reach of convenient PCS services by the turn of the century," Chong said.

On the question of manpower, Chong noted that 90 percent of the initial demand for 200 technical personnel will come from LG Information and Communications and other LG subsidiaries and the remainder from external sources. "This is certainly one of the most important aspects of the business but we have been in telecommunications since the 1950s and we do have some of the best trained manpower in the industry," he noted.

Basically, LG Telecom's plan is to provide outstanding services on a par with those in the United States before the turn of the century, and greater research and development will be initiated to realize this goal.

Admitting that his company is on a tight schedule, he explained that the testing of the latest facilities for OCS will be advanced by two to three months in an effort to catch up with U.S. companies.

Commenting on cooperation with business groups like Samsung and Hyundai, Chong said he has no qualms about purchasing hardware from them, especially in areas where it makes business sense. "For instance, wouldn't it make sense to use Hyundai equipment for the Ulsan region since it has tremendous presence in the southeastern part of the country," he asked.

All in all, the company must install 1,123 macro and 87 micro switching systems in addition to 30 mobile stations and 359 intermediate transmission equipment. Another 496 wireless public switching systems will be incorporated. Along with the actual implementation of the PCS services, which could virtually replace cellular communications, LG is planning to introduce some of the most transparent management in the business.

Company officials said they will be putting together a team of 11 executives, including two former bureaucrats, two public accountants, a technical personnel and a Ph. D. in engineering to create an effective balance.

More importantly, LG Telecom will work closely together with other companies to establish a firm basis for exporting the CDMA technology for which Korean companies are in a commanding position.

"Some people ask why is it that Korea is ahead of countries like the United States and members of the European Union in CDMA technology and this is simply because of our desperate need for such services," he said.

Owing to the fact that Korea is a late-comer in cellular communications, companies have not been able to establish an effective framework for nationwide services, thus requiring digital services which are more accessible.

ROK: Daily Views 'Fundamental Weaknesses' of ROK Export Sector

SK0706021096 Seoul THE KOREA HERALD in English 7 Jun 96 p 8

[Report by staff reporter Kang Yon-son]

[FBIS Transcribed Text] A recent bout of anxiety sweeping Korea's export front is hardly unexpected, given the structural weakness of Korean industries, analysts say.

Korea's trade blues have peaked in the past few months, with a record-high monthly trade deficit pushing $2 billion in April.

The May deficit is estimated to have eased, but that's hardly a comfort, considering the fact that the country has already piled up an estimated $7 billion trade deficit five months into the year, as compared to the 1995 total deficit of $9.9 billion.

The reasons behind sliding export competitiveness provide evidence of fundamental weaknesses within the Korean export sector and Korean industries at large, analysts say.

For one thing, Korean exports need to diversify beyond the few staple areas of semiconductors and automobiles. Secondly, a soul-searching examinations of where to target the Korean exports may be in order.

"Bursts of torrential showers compare to the way Korean has been selling its products overseas," says Kim To-hun at the Korea Institute for Industrial Economics & Trade (KIET).

Korea's export-driven economy has likened boosting export volume to serving the country. In order to hike up its exports, Korea has relied upon advanced markets with a relatively broad consumer base. Hence, there came heavy investments concentrated onto a few select industries, whose survival depends on fluctuations in overseas markets.

As an illustration of what experts warn is the Korean economy's undue dependence on a few key industries, a government trade official cites Korea's recent alarm over slowing semiconductor exports. A global supply glut and falling spot prices for memory chips had caused monthly exports for April to slip for the first time in nearly three years.

"There is nothing the matter with pushing a frontier technology like semiconductor production," says an official at the Ministry of Trade, Industry and Energy (MOTIE).

Then he adds, "The problem is the way one particular type of memory chips brings nearly one-fifth of total yearly exports."

Semiconductors last year generated 17.7 percent of Korea's total annual exports. Despite Korea's ambition to be known as the nation of up-and-coming products, low-tech textiles generated 8 percent of the yearly exports.

As for the target export markets, Korean products may no longer count on advanced nations as its major buyers, experts caution.

Experts and government trade officials acknowledge that Korean products made their mark in the world marketplace with lower prices rather than quality .

Now that the price advantage is eroding due to the stronger won, Korea should really look hard at marketing what Korea is best at producing, they say.

One MOTIE official who declined to be named says, "Let's face up to the fact that when it comes to catching up to first-rate products, Korea is playing a losing game."

For now, Korea evenly divides its export markets between advanced nations and developing regions of the world. Already, whirlwind growth of less developed nations and tamer, more steady demand from advanced markets are redirecting the destination of Korean products.

MOTIE figures indicate the United States, the EU and Japan absorbed 46 percent of Korean exports last year. By 2020, the government projects that this portion will drop to 42.5 percent.

Korea today counts China, Eastern Europe and the ASEAN (Association of Southeast Asian Nations) nations as important customers for such Korean products as automobiles and home appliances.

By shifting the focus of its export markets, Korea can hope to post a trade surplus beginning in the early 2000s, KIET's Kim says.

Perhaps one need not even look that far ahead for signs of hope.

Some analysts see signs of improvement as early as late this year, as automobile makers launch their new models and hike up their overseas marketing.

Semiconductors could also head for a price recovery toward the year-end, they say. Petrochemical and steel exports can meanwhile look to China's surging demand.

While Korea keeps busy serving these short-term demands, it will focus the other eye on searching for a new, improved identity, optimists say.

ROK: Defense Ministry Proposes '97 Budget of 14.19 Trillion Won

SK0906015996 Seoul THE KOREA TIMES in English 9 Jun 96 p 3

[FBIS Transcribed Text] The Defense Ministry has announced a 14.190 trillion won draft budget for 1997, a 16.7 increase over this year's.

The draft budget earmarks 10.067 trillion won for the upkeep of troops and equipment with the remaining 4.223 trillion won designated for new weapons procurement.

This budget is highlighted by a hefty 21.8 percent increase in procurement spending, compared with the slim 7.4 percent rise in this year's budget. As a result, the proposed maintenance outlays were only increased by 14.7 percent.

A ministry official said, "The ministry put priority on securing enough money to procure weapons in the process of drafting it in order to beef up military readiness to counter any possible contingency."

He said that the recent series of provocations by the North in coastal waters and along and in the Demilitarized Zone were taken into consideration and that is why procurement received such a big increase.

The new procurement projects included in the draft budget are purchases of armored personnel carriers and main battle tanks, considered as the chink in the "armor" of the ground forces; the additional procurement of F-16 fighters, submarines, surveillance equipment purchases and the upgrade of C3I command, control capabilities.

ROK: Finance Ministry To Set '97 Budget at Some 71 Trillion Won

SK0906014496 Seoul THE KOREA HERALD in English 9 Jun 96 p 9

[FBIS Transcribed Text] The budget request from 48 government agencies for 1997 amounts to 86.37 trillion won, up 38.8 percent from this year, the Ministry of Finance and Economy said yesterday.

The ministry, however, will drastically cut the amount requested and set the 1997 budget at around 71 trillion won, up 14 percent from 1996.

It will come up with a final government budget plan for fiscal year 1997 by late August and submit it to the National Assembly for approval by Oct. 2, a ministry official said.

The budget request, composed of the general account and the fiscal investment and financing account, breaks down into 49.19 trillion won for government projects, up 66.1 percent from this year; 674.4 billion won for wages and other personnel cost, up 8.6 percent, 14.93 trillion won for defense, up 17.3 percent; and 13.68 trillion won for grants to local governments, up 13.2 percent.

The Ministry of Defense made the largest budget request of 14.29 trillion won, followed by the Ministry of Education with 13.47 trillion won and the Ministry of Construction and Transportation with 9.8 trillion won.

ROK Government Takes Measures To Fight Current Account Deficit

SK0706095296 Seoul YONHAP in English 0746 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Beginning July 1, the upper limit on export prices receivable in advance of shipments will be raised to

15 percent of the previous year's export achievements from the current 10 percent for large export companies.

Ship importers' down payment ceiling for Korean shipbuilders will also be raised to 50 percent of shipbuilding contracts from the current 40 percent.

And import duties on iron ore, raw cotton and round logs will be lowered from the current one percent to three percent to zero percent to one percent.

These are highlights of a package of measures the government accounted Friday [7 June] to check the increasing current-account deficit by boosting exports.

To boost exports on a credit basis, the government's contribution to the export credit insurance fund will be increased from 130 billion won this year to 180 billion won next year.

To help small businesses increase credit-based exports, the discount of export credit insurance premium will be lowered from 3 percent to 1.5 percent for small exporters.

Small exports worth up to 50,000 U.S. dollars will be deregulated: At present, exports worth above 30,000 dollars are subjected to approval of the authorities concerned.

The trade agent business will also be liberalized.

Restrictions on lending for credit-based exports will be eased for exports to countries with a high credit rating: Payment guarantees for loans to export to such countries will no longer be required.

ROK: Lehman Brothers Bank Upgrades ROK's Credit Rating

SK0706020196 Seoul THE KOREA TIMES in English 7 Jun 96 p 9

[FBIS Transcribed Text] Lehman Brothers, a leading global investment bank, recently upgraded Korea's sovereign credit rating to mid double-A.

It cited as its reasons for the upgrading Seoul's very low level of external debt, its strong balance of payments, high domestic savings and investment as well as domestic political stability built on well-functioning democratic institutions.

Lehman Brothers said thanks to a resurgence of Korean exports of manufactured goods during the past two years, Korea has demonstrated that it can maintain its international competitiveness, despite rising wages at home.

Though infrastructure looms as a potential bottleneck restraining growth in the future, infrastructure investment has largely kept pace with economic expansion.

Furthermore, it said the Korean government filed a formal application for OECD membership in 1995 and there are good prospects that Korea will have its application approved before the end of 1996.

Overall, the Lehman Brothers does not view the North Korea dilemma as a potentially disastrous situation for the South.

It said the risk of an outright collapse of the North is limited. If the current communist regime is not able to maintain order, then another political group, possibly led by military and civilian leaders, will step in to normalize international political relations.

Secondly, in the event that the South must face instant reunification with North Korea, it is the opinion of Lehman Brothers that this scenario will not translate into political or economic catastrophe for the South Korean government. The situation will be quite unlike the German reunification, the investment bank argued.

ROK: Government To Redraw Military Areas Off Limits to Civilians

SK1006015196 Seoul YONHAP in English 0106 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The government and the ruling New Korea Party [NKP] have agreed to redefine and redraw military facility protection areas off limits to civilians in the interest of citizens residing in and near these areas.

At present, the area within 500 meters of the southern boundary of a military facility situated within 25 kilometers of the Military Demarcation Line (MDL) separating North Korea from the South is designated as a military facility protection area off limits to civilians.

The 500-meter limit will be eased to 200 to 300 meters when redrawing these off-limits areas, officials said Monday [10 June].

In addition, the military facilities which are no longer in use will be removed and the off-limit designation changed so that the area will be accessible to the public.

With this goal in mind, the ruling party is going to introduce a bill amending the 1972 military facility protection law during the first extraordinary session of the new National Assembly, an official said.

Defense Minister Yi Yang-ho will meet NKP policymakers Thursday including Chief Policymaker Yi Sang-tuk, to discuss how the bill should be drafted.

The government has previously allowed the construction of houses, farming facilities, roads and railways in the area 20 to 25 kilometers south of the MDL that were not designated military facility protection areas.

ROK: Government Considers Measures To Prevent Power Shortages

SK0906014796 (Internet) The Joong-Ang Ilbo WWW in English 9 Jun 96

[FBIS Transcribed Text] Although the summer heat has not even begun in earnest, there are already concerns over a possible power shortage.

The Ministry of Trade, Industry and Energy (MOTIE) held a meeting Saturday [8 June] with representatives from the Korea Electric Power Corporation (KEPCO) and other electricity-related agencies to work out a comprehensive set of countermeasures to head off a possible power-shortage crisis at the height of this summer. MOTIE Ministry Pak Chae-yun, who presided over the meeting, instructed the agencies to make their best efforts to maintain a margin reserve of 7 percent during the peak power consumption period.

Pak also asked the KEPCO to give particular attention to the maintenance of the major power generation plants to ensure a stable supply of electric power throughout this summer. It was also decided at the meeting to expand power-saving campaigns including one which will give a discounted rate to households which reduce power consumption at the peak power consumption hours.

ROK: Government Views Ways To Attract High-Tech Foreign Firms

SK0906014896 (Internet) The Joong-Ang Ilbo WWW in English 9 Jun 96

[FBIS Transcribed Text] A policy of renting factory sites free of charge for a certain period to foreign companies engaged in advanced technology is being considered. The foreign firms will also be allowed the option of purchasing the factory site at a low sales price upon the expiration of the rental agreement.

Among other policies being considered in order to attract more foreign investment includes one through which the central government will subsidize a certain portion of the construction cost when local autonomous organizations build apartments, schools and medical facilities for foreigners who settle at factory complexes exclusively for foreigners.

Another long-term policy calls for the development of factory complexes exclusively for foreigners into 'international business centers for foreigners' which will be integrated with the neighboring residential areas and medical facilities.

ROK: All Parties Think People 'On Their Side' in Assembly Issue

SK0906014996 Seoul THE KOREA TIMES in English 9 Jun 96 p 2

[Report by staff reporter Kwon Tae-yong]

[FBIS Transcribed Text] The bipartisan struggle in the Assembly surrounding the ruling New Korea Party's [NKP] attempt to form the House leadership is expected to continue throughout this week as the ruling and opposition parties are showing little sign of reaching a compromise.

Despite the growing public criticism blaming both sides, each camp appears to believe that the people are on their side although they are sick of the way domestic politics are run.

The ruling NKP, which hopes to show the "ugly" side of opposition lawmakers in the Assembly, is exerting efforts to emphasize the fact that they will continue to seek a peaceful vote to elect the House leaders, attributing the ugly developments on the floor to the opposition camp.

While continuing their claim that the opposition camp is illegally blocking the formal launching of the 15th Assembly by physically blocking the election, NKP leaders assert that the forming of the house leadership cannot be a matter of negotiation. They maintain that it is a legal obligation for lawmakers to open the legislature by electing the House leaders.

However, regarding the means to achieve their goals, they remain firm in their position not to resort to physical measures to force through their attempt to elect the House leaders.

NKP Chairman Yi Hong-ku, in a meeting of top ruling party officials yesterday, repeated the NKP's earlier stance to follow Assembly procedures in electing the House leaders.

He said, "Under no circumstances should there be any physical confrontations with opposition lawmakers. We are determined to resolve this issue under the resolution that we will try again and again, until we accomplish our goal if we fail today."

His repeated call for avoiding getting physical shows that the ruling party is ready for a long struggle with the opposition parties, hoping it will invite more public criticism aimed at the opposition camp as time goes by.

NKP floor leader So Chong-won said, "The opposition cannot help but receive harsh criticism from the public if they continue to violate the law by using physical force to block us."

Kang Sam-chae, NKP secretary-general and a close aide to President Kim, also predicted that the opposition parties won't be able to keep up their struggle against the ruling party for a long time, saying, "The political burden over blocking the election for the formal launch of the new Assembly will be a heavy one for the opposition leaders to shoulder."

In this line of argument, NKP spokesman Kim Chol stressed yesterday that there will be no negotiations with the opposition unless they withdraw their "absurd" preconditions on opening the assembly.

Actually from a more practical point of view, there is no alternative for the ruling party now but to proceed with the election.

Therefore, while refusing to accept the preconditions suggested by the opposition camp, the NKP leaders seem to expect public opinion will prevail over the opposition camp.

However, the opposition parties think differently. They contend that the ruling party has refused to negotiate with them on the current issues mainly, concerning the NKP's "artificial" forming of an Assembly majority by recruiting independent and opposition lawmakers after the general elections.

They have maintained that the ruling party bullied the lawmakers into their fold in an attempt to operate the Assembly its way. Therefore, they argue that if they let the ruling party form the House leadership without securing guarantees for revising the current laws on elections and political funding, there will be no fair and clean competition in future polls, especially the presidential election next year.

The leaders of the two main opposition parties the National Congress for New Politics [NCNP] and the United Liberal Party [United Liberal Democrats, ULD]-said that they will not move an inch from their current positions unless the ruling NKP compromises, contending that the people will understand their position.

They claimed that the public will be on their side since the ruling party betrayed the people's will in the April polls by artificially forming a majority. They have said that the people didn't give a legislative majority to the ruling nor to opposition parties.

However, NCNP floor leader Pak Sang-chon, clearly sensing the increasing public hostility toward both camps, said yesterday, "I am willing to meet my ruling party counterpart anytime and anywhere. But the NKP floor leader must be empowered to lead the negotiations for a smooth launching of the new Assembly."

Amid this struggle, a growing number of people are starting to view this as a proxy war between President Kim and the two opposition Kims—Kim Tae-chung of the NCNP and Kim Chong-pil of the ULD. Political observers predict the current wrangling will not end soon as the three have been engaged in a decades-old struggle for taking the lead in the nation's politics.

Especially for the two opposition Kims who vowed to run for the presidency, this is considered a vital battle for laying the groundwork for next year's presidential election, while President Kim is exerting his utmost to stop them.

ROK: Assembly Floor Leaders Attempt To Break Political Impasse

SK0906093996 Seoul YONHAP in English
0919 GMT 9 Jun 96

[FBIS Transcribed Text] Seoul, June 9 (YONHAP) — Rival parties are expected to resume Monday [10 June] their floor leaders' talks, suspended last Tuesday, in a bid to break the political deadlock and normalize the National Assembly.

Even if the floor leaders' meeting is held, however, a considerable hard-sailing is anticipated before a solution is found to the inter-party stand-off as the rival parties are miles apart from each other over the opposition's demands.

The opposition National Congress for New Politics [NCNP] and United Liberal Democrats [ULD] are scheduled to propose Monday morning a formal floor leaders' contact to the ruling New Korea Party [NKP], while the government party is not opposed to negotiations in principle.

But if it finds the opposition proposal as a ploy to keep the pro-government lawmakers from attending a parliamentary session, the NKP plans to convene a plenary congressional session Monday afternoon and again press ahead with a vote on its nominee as the National Assembly speaker. The opposition is poised to block such an attempt once more.

NCNP floor leader Pak Sang-chon and his ULD counterpart Yi Chong-u agreed Sunday to offer the resumption of floor leaders' meeting at a joint press conference Monday morning.

"We've agreed to make the proposal, sharing a view that it is not right to further delay forming the leadership of the 15th National Assembly," said Pak Sang-chon. "We'll demand that the NKP not to form the parliamentary leadership unilaterally while inter-party negotiations are underway."

At the proposed meeting, the opposition plans to repeat its five-point demands on which a provisional accord was reached with NKP floor leader So Chong-won last Tuesday.

Included among the demands are an apology for the ruling party's buildup of a parliamentary majority, the formation of an Ad Hoc Investigation Committee on Election Frauds, that of an Ad Hoc Committee for Improving the Electoral System, apportioning parliamentary leadership based on the number of seats won by parties in the April general elections, and a halt to the NKP's further recruitment of opposition and independent lawmakers.

The NKP, which garnered 139 seats in the 299-member National Assembly, put together a majority when it recruited 12 opposition and independent legislators.

"We're ready to accept dialogue if proposed at any time," So Chong-won said. "Though the ruling and opposition parties can discuss issues involving system improvements like revising the National Assembly and election laws, however, pre-conditions unrelated to the formation of parliamentary leadership merit no consideration whatsoever."

Such a difference in their respective perceptions render it difficult for them to reach a compromise on the political stalemate.

Since the parties have invested their floor leaders with full powers in negotiations, however, the possibility cannot be totally ruled out that they come to a dramatic agreement.

ROK: High-Speed Railway To Pass Outskirts of Kyongju

SK0806024396 Seoul YONHAP in English 0155 GMT 8 Jun 96

[FBIS Transcribed Text] Seoul, June 8 (YONHAP) — The government on Saturday [8 June] finally decided to change the planned course of the Kyongju section of a high-speed railway now under construction so that it will pass through the city's outlying area.

Initially the Seoul-Pusan high-speed railway was to pass through the heart of the ancient capital city and might have damaged priceless cultural relics there.

The change will cause to delay the dedication of the Kyongju portion of the Seoul-Pusan high-speed railways for at least three years.

The government, however, plans to use high-speed railway coaches all along the Seoul-Pusan route by the time of the 2002 World Cup finals by electrifying the Taegu-Pusan portion of the existing Seoul-Pusan line.

It means that deluxe high-speed coaches will cover the Seoul-Taegu portion along a new track and the remaining Taegu-Pusan sector on the existing electrified railway in the beginning, until the rest of the track is completed.

"The government has finally decided to change the Kyongju course of the high-speed railway because it was feared the original course through the downtown area of Kyongju would probably damage priceless cultural relics," Construction and Transportation Minister Chu Kyong-sok said.

Chu said that though the construction costs for the new route will be less than that of the originally planned route, the re-routed course would nevertheless involve financial losses due to the delay in the full operation of high-speed railway service.

To make up for the delay in the Kyongju portion, his ministry will complete the electrification of the Taegu-Pusan sector of the existing Seoul-Pusan line ahead of schedule by 2001 so that high-speed railway service can be offered in time for the 2002 Pusan Asian Games and World Cup finals, Chu said.

ROK Daily Blames NKP Leadership for 'Deteriorated' Situation

SK0706020296 (Internet) The Digital Chosun Ilbo WWW in English 1148 GMT 6 Jun 96

[Editorial: "Full Authority to Ruling Party Floor Leaders"]

[FBIS Transcribed Text] The fundamental reason that the 15th National Assembly ran into trouble from the beginning lies also with the New Korea Party [NKP]. If the ruling party did not encourage defections from independent and opposition parties or did not surpass a majority in the assembly, the situation would not have deteriorated this much.

If the ruling party demonstrates some flexibility in future negotiations with the opposition forces, the situation could ameliorate. In fact, many opposition members would have liked to have participated in the opening ceremony of the 15th National Assembly and all they needed was the minimum justification.

But the leaders of the ruling party rejected the hard-earned solution reached by floor leaders of the ruling and opposition parties. The floor leader of the ruling party took several of the conditions formulated by opposition members to the party leaders, but they did not accept the conditions. Among the conditions requested by the opposition forces were expressing regret over reaching a majority through under-handed means, adjusting the seats of standing committees according to the election results, improving the election system, and pledging not to encourage the defection of more opposition members.

If the ruling party admitted from the beginning that encouraging the defection of opposition members into their camp was a very unreasonable action, the ruling party should have prepared a means of compensation. Arguing about whether or not the acting speaker's action yesterday is legal is meaningless. The ruling party maintains no advantage while this situation remains and the ball remains in its court.

Only further disruption among inexperienced party leadership and confrontation between hard-liners and moderates can result, the effect of which can embroil the Blue House [Chongwadae, presidential offices]. At this moment, the only thing the ruling party can do is to delegate substantial authority to the floor leaders and let them solve the situation responsibly.

ROK: Chon Tu-hwan Testifies on 'Crisis Management Plan'

SK1006064196 Seoul YONHAP in English 0518 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — Former President Chon Tu-hwan testified Monday [10 June] that the so-called crisis management plan was prepared on the basis of an idea proposed by Kwon Chong-tal, then chief intelligence officer of the Defense Security Command.

Kwon recommended that the National Assembly be dissolved and the then martial law rule, which was in effect in all other areas than Cheju Province, be extended across nationwide to quell the political crisis stemming from student demonstrations. Acting president Choe Kyu-ha approved the plan so that Kwon's recommendation could be put into practice, he added.

Chon gave the testimony when questioned by defense lawyers about his role in the bloody suppression of Kwangju citizens' democratization uprising in May 1980 in the Seoul district court. He has been charged with treason in connection with the bloody suppression.

He said the special committee for national security measures was a crisis-management team intended to perform administrative functions of the government under a martial law, adding, "During the days of president Pak Chong-hui, I personally got his approval to form just such a group for emergencies."

The special committee was made up primarily of administrative experts and technocrats and it was these people who prepared the programs the committee launched and the military had little influence on the committee, Chon claimed.

When asked about the so-called K-operation plan intended to purge journalists opposing Chon's attempt to grab power, Chon replied, "I never instructed anyone to draft such a plan, nor was I aware of the plan. I was later told that it was a sort of standard operating procedures which Yi Sang-chae of the press team (the Defense Security Command's) prepared to get the team's operating expenses."

Student activists and dissident politicians were arrested under martial law which allows those violating the law to be arrested without a warrant, he said and added, "I didn't know then that politicians and others who had illegally amassed fortunes were arrested without warrant."

ROK: KOTRA Reportedly To Open Office in Najin-Sonbong

SK1006035696 Seoul YONHAP in English 0259 GMT 10 Jun 96

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — South and North Korea have agreed in principle to open an office of the (South) Korea Trade-Investment Promotion Agency (KOTRA) in the north, an ITAR-TASS dispatch from Beijing reported Sunday, quoting "informed sources."

The office will be established in Najin-Sonbong Free Economy and Trade Zone by the end of this year and will arrange South Korean investment to develop North Korean infrastructure, the sources were quoted as saying.

South Korean businessmen believe the agreement is of major importance in gradually developing inter-Korean contacts and will help North Korea solve its food problems, the Russian news agency said.

ITAR-TASS said that South Korean experts see that some 16 million U.S. dollars is needed to render emergency food aid to the communist country.

ROK: Government To Establish Maritime Affairs Ministry

SK1006063696 Seoul THE KOREA ECONOMIC WEEKLY in English 10 Jun 96 p 6

[FBIS Transcribed Text] The government will set up a new cabinet ministry in charger of maritime affairs in August.

Calling for the nation to reach out to the "age of seas," President Kim Yong-sam made the announcement in a speech for the first Ocean Day ceremony held in Pusan, the southern port city which is in his political home base.

The planned ministry will encompass the Fisheries Administration, the Korea Maritime and Port Administration and the National Maritime Police Agency.

It will also take over hydrographic affairs, the maritime accidents tribunal, marine conservation resources development and some others from other ministries

"The ministry will become an integrated maritime administrative agency that will cover overall affairs regarding the maritime industry, marine resources, oceanic environment and ocean research and surveys," the Chief Executive said.

"The ministry will become a locomotive leading the nation toward an advanced oceanic state," he added.

The creation of the ministry was one of President Kim's election campaign promises back in 1992.

The government will soon prepare a revision to the Government Organization Law and submit the bill to the first special session of the 15th-term National Assembly for approval.

If the amendment bill passes the Assembly, the ministry will be launched in August at the latest, government sources said.

ROK: Dacom To Provide Schools With Equipment for Internet

SK0806014396 (Internet) The Joong-Ang Ilbo WWW in English 8 Jun 96

[FBIS Transcribed Text] Dacom decided Friday [7 June] to provide 300 million won worth of communications equipment including 56K-class phone lines for the exclusive use of Internet to the 30 secondary schools across the nation designated by The Joong-Ang Ilbo as participants in the Internet in Education (IIE) movement which the company has initiated.

Dacom stated that the company will provide the 30 secondary schools with the equipment necessary for accessing LAN (local area network), 900 IDs through which users can use Internet free of charge and the software necessary for accessing Chollian.

ROK Government Unveils 'Computer Education Reform Program'

SK0906015196 Seoul THE KOREA TIMES in English 9 Jun 96 p 3

[FBIS Transcribed Text] The government said it will invest 500 billion won to upgrade the computers currently being used in schools and to support computer education in schools by 1998.

The "Computer Education Reform Program" was revealed yesterday morning at a vice-ministerial meeting held at the Prime Minister's Office.

Under the new scheme, all elementary, middle and high schools will be eligible to get their computers upgraded to 486s. Until now, only about 1,500 to 1,800 lucky schools have been designated every year to have all their computers (20 to 25) upgraded.

Since 70.8 percent of the computers being used in schools are 286s, students are unable to install and use the latest programs such as Windows '95 or surf the Internet, said a government official.

In addition to installing the upgraded versions, a network will be set up to link all the schools which will also help lower overall communications costs, he explained.

The government also decided to open the way for private companies and institutes to become involved in computer education at schools. Private companies will provide hardware to schools and teach computer classes for a monthly fee.

The Information Cultural Center of the Ministry of Information and Communication was instructed to form teams of experts to be dispatched to schools and educate the teachers and students.

In a different set of reform measures to help teachers become computer-friendly, the government said it will encourage and provide support for the establishment of computer education departments at 11 teachers colleges and universities across the nation. Computer education courses will be made compulsory for prospective middle and high school teachers.

ROK: Police To Introduce Computer Hacker Tracking System in 1997

SK1106024096 (Internet) The Digital Chosun Ilbo WWW in English 1207 GMT 10 Jun 96

[FBIS Transcribed Text] The National Police Office announced Monday, that it will introduce circuit analyzers, packet analyzers, and a hacker tracking program to its computer network, in an effort to deter and catch potential computer hackers. The system will be implemented in the first half of 1997, and will be used on closed, hotline networks such as those used by financial organizations, as well as defense and public security systems. The packet analyzer will be able to automatically track hackers.

ROK To Build Industrial Parks Reserved for Foreigners

SK0806032296 Seoul YONHAP in English 0233 GMT 8 Jun 96

[FBIS Transcribed Text] Seoul, June 8 (YONHAP) — The government has decided to build industrial parks exclusively reserved for foreigners around foreigners' industrial complexes in an effort to encourage their investment in South Korea.

The decision came at a meeting of the committee on external economy policy called Friday [7 June] by Na Ung-pae, deputy prime minister and finance and economy minister to discuss various ways to attract more foreign investment.

Na and other participants in the meeting agreed that the government needs to build foreigners' industrial parks which will comprise apartment complexes, schools, banks and hospitals, around foreigners' industrial complexes in Kwangju and Chonan.

The government will also allow world's leading English-language newspapers to print their copies in those towns and will seek to alleviate the foreign enterprises' financial burden by concluding mutual agreements on social security tax exemption with the countries from which major investments originate.

The government decided to form teams of government officials to provide various conveniences for the foreigners' investment projects worth more than 100 million U.S. dollars.

The government will provide "one-stop service" for foreigners to help them obtain various government approvals for doing business here in a short period of time.

Burma

Burma: Aung San Suu Kyi Cited on ASEAN's Stand Toward Nation

BK1206021896 Sydney THE SYDNEY MORNING HERALD in English 12 Jun 96

[Report by Mark Baker in Rangoon — received via Internet]

[FBIS Transcribed Text] The Burmese democracy leader, Ms Aung San Suu Kyi, has called for the country's exclusion from all regional organisations until the military regime agrees to negotiate a return to civilian rule.

Ms Suu Kyi said the latest attempt by the ruling State Law and Order Restoration Council (SLORC) to silence her National League for Democracy [NLD] proved repression in Burma was worse than ever and showed that the "constructive engagement" policy of regional governments was a failure.

"It is quite clear that Burma under SLORC is not going to be an asset to any regional organisation," she said.

Ms Suu Kyi praised efforts by Australia and other Western governments for a tougher stance on Burma at next month's round of regional foreign ministers' meetings in Jakarta.

The seven-member Association of South-East Asian Nations is expected to take further steps towards admitting Burma as a member and the ASEAN Regional Forum — a broader security group which includes the United States and Australia — is set to ratify Rangoon's admission.

Burma is expected to dominate the Jakarta meeting after the recent arrest of more than 270 NLD members and the imposition of a new law under which the party can be immediately banned and its leaders jailed for up to 20 years.

Ms Suu Kyi said ASEAN should review its policy of constructive engagement, under which regional governments have expanded commercial links with Burma, arguing that this was the best way to encourage political change.

She condemned the strategy and the failure of Asian governments to engage with the NLD, which won a landslide election victory in 1990 but was blocked from power by the military.

"If anything, SLORC is more repressive now than when ASEAN started its constructive engagement policy," she said.

"Constructive engagement should mean constructively engaging with all the political forces concerned, not just with one side. It is time ASEAN reconsidered the situation."

Ms Suu Kyi said she was determined to continue holding weekend rallies outside her Rangoon home, which have drawn record crowds of jubilant supporters in recent weeks.

But she refused to comment on the NLD's plan to draft a new national constitution, the move which triggered the political showdown. She said the party was drafting an official response to the new laws, including its stance on the constitutional issue.

Diplomats and local analysts believe the NLD may be considering a strategic retreat in its campaign against the regime to avoid a devastating ban on the party and further arrests.

But Ms Suu Kyi, who was released last July after spending six years under house arrest, said she was not afraid of jail.

She praised the Australian Government's strong stand against the regime's latest actions. "We've always appreciated any support from Australia. It needs to be involved because it is really part of the Asian region now, one of the strong democracies in Asia."

Burma: Pro-SLORC Rally Held in Gangaw 1 Jun

BK1106154396 Rangoon TV Myanmar Network in Burmese 1330 GMT 11 Jun 96

[FBIS Summary] A mass rally to support the State Law and Order Restoration Council's [SLORC] national constructive development works and to denounce "destructionists" was held at the Township Sports Grounds in Gangaw on 1 June. The rally was attended by more than 35,000 people.

U Tin Oo, an elder from Myaukkwin Ward, acted as chairman of the rally. In his address, he praises the government's endeavors and claims that "unheard of internal peace has been achieved in this present era and is a milestone of SLORC's political victory." He says the people are very discouraged to know that "destructionists are undermining the country's peace and stability." He says that "annihilating these destructive elements is the fundamental national duty of all national races." He finally calls on everyone to support SLORC's constructive works and to oppose all destructionists.

After the chairman's address, U Kyaw Swe, a retired headmaster from Kyotaik Ward, introduces a motion to support the SLORC's national constructive development works and to denounce the acts of "destructionists." The motion was seconded by Daw Khin Kyaw Kyi, a high school teacher from Gangaw Township State High

School, and people attending the rally. The rally came to a close with the supporters chanting slogans.

Burma: Election Commission Accepts Resignation of Two NLD MP's

BK1106144896 Rangoon Radio Myanmar in Burmese 1330 GMT 11 Jun 96

[FBIS Summary] The Multiparty Democratic General Elections Commission of the Union of Burma has accepted the resignations of U Seinn Maung from the National League for Democracy [NLD] as "elected representative" of the People's Assembly from Natogyi Township Constituency-2, Mandalay Division, for "his lack of desire to engage in politics" and U Han Tha Myint from the NLD as "elected representative" of the People's Assembly from Budalin Township Constituency-1, Sagaing Division for "his lack of desire to engage in party politics and to pursue his private business activities."

The resignations, submitted "of their own free will", were accepted in accordance with Section 11, Subsection E of the People's Assembly Election Law.

Burma: Political Defiance, Underground Acts Compared

BK1106162496 Rangoon KYEMON in Burmese 8 Jun 96 p 5

[Article by Di Hlaing: "UG and PD Are the Same"]

[FBIS Translated Text] Anticolonial acts could not be found in the English parliamentary democracy system so communism and socialism became popular. The Burma Communist Party [BCP] began a transformation from public struggle to armed struggle even before the country gained independence. Yebaw Goshal already had contacts with Mr. J. Gosh from the Indian Communist Party in 1938 proving that the Do Bamar Asiayone [Our Burman Association] had been influenced by leftists.

The underground Communist Party headed by Bogyoke [General] Aung San was founded on 15 August 1939 with the help of Mr. Purnandu Das Gupta [name as transliterated] from the Indian Communist Party. At that time the Indian Communist Party was already branded as an illegal organization, and to avoid arrest the Burma Communist Party was formed as an underground organization. That is the origin of the UG [Underground].

The UG or covert activities were engaged in avoiding arrests and torture by the police during the struggle for independence under the imperialists. Stories about splits in the political arena can be read in books. What I want to talk about is the UG.

The Communist Party officially emerged in Yangon [Rangoon] before the end of the antifascist struggle but covert operations did not fade away. The reason — the revolutionary technique involves public struggle and illegal public instigation could only be conducted clandestinely. This is the UG.

Communists formed UG groups, conducted training, seeped into the peasant and worker unions, and tried to control anything they could. They held strikes, incited unrest, and raided warehouses to emphasize the people's struggle.

After gaining independence, the Communists, caught up by UG activities, went underground to pursue an armed struggle. Their objective for obtaining power was to combine both the armed struggle and the people's struggle. The government must be degraded and all strata of people must be instigated to create mass unrest. Strikes and protests should head toward violence. When the government put down violence by armed means their actions would have an adverse effect. This is called an unarmed political battle.

BCP's Bo Kyin Maung's handiwork could be seen in the 1988 disturbances. UG work involves stealth and is a sort of spy activity. UG activities became so popular that some crazy people pronounced themselves to be UG's. The SLORC [State Law and Order Restoration Council] government uncovered UG acts and took action against them. Links were broken and the UG's were never heard from again.

Now, PD [Political Defiance] acts have emerged.

During the Cold War, the West used psychological strategy against the Soviet-led Eastern Bloc and utilized different spying tactics. Communists used UG activities to topple governments and these activities were modified by the West as PD activities.

When Manerplaw [the former headquarters of the Karen National Union insurgent group and the Burmese opposition] was at its peak of prominence, Jean Sharp [name rendered in English] from Albert Einstein University in Cambridge, United States of America, came and taught PD training courses to Expatriate Sein Win [prime minister of the National Coalition government of the Union of Burma] and his group. He wrote books, published his curriculum in Burmese, and distributed it exclusively.

Well, PD activities from University Avenue Road are merely copying Jean Sharp's lectures. Political defiance must be executed to topple totalitarian rule and to achieve democracy. In fact, PD is the same as UG.

PD is translated as Political Defiance [preceding two words rendered in English], PD for short. It is an unarmed offensive but some classified it as a non-violent struggle. Although it is a non- violent struggle it is heading toward violence.

Jean Sharp noted that the application of a non-violent struggle in Eastern Europe beginning in 1980 led to the demise of totalitarian rule. Well, many died during that period. In the world today, 31 percent of the people are not free and are oppressed under dictatorships. PD methods and not guerrilla warfare should be used to free these people. (They are afraid that guerrilla warfare might bring about the resurgence of the communists whom they despise.)

Political defiance means to deliberately defy government influence in political, social, and economic sectors. Although PD is variously defined as non-violent resistance, non-violent struggle, or psychological warfare, it is merely the communist UG's public struggle.

Jean Sharp noted that to topple dictatorial regimes: do not let the army stage a coup; negotiations are dangerous; and peace is unacceptable. Well, who is following these? They must not accept anything done by the government, in other words, do not accept anything whether it is right or wrong.

Let's look at the white master's political defiances.

It is to inspire people with non-violent protests. There are systematic and disciplined approaches to this — conduct public gatherings, object to what you dislike, and support any antigovernment acts. These approaches are very common. There had been public gatherings in the past hosted by Yebaw Goshal, Thakhin Than Tun, Thakhin Soe, and Yeni Kyaw Win. The platform shows from University Avenue Road are a recent addition.

All kinds of letters were distributed during the [1988] disturbances including announcements from various organizations, announcements by groups of people — a Jean Sharp technique — and other threatening declarations. In fact, these are all old UG techniques. Who was able to control the situation when these threats were implemented by beheading people. Is this inspiration to behead people a non-violent method? Furthermore, if these do not succeed, public petitions and appeals should be made. How bad.

Another matter is the use of media. The use of lyrics, cartoons, symbols, flags, posters, leaflets and handouts, magazines and newspapers, radio and television.

When the media could not be used, the West made a big fuss and created concoctions and fabrications. This is a very simple form of psychological warfare, and you can extend it as far as your financial limitations permit. At present, the West is unilaterally attacking Myanmar [Burma] through the media. These are all PD activities.

An ax blade alone cannot cut a tree or clear the forest. It needs an ax handle made of wood. In fact, the group of new generation hired hands headed by the daughter-in-law of the white people are all ax handles and followers of the neocolonialists.

The PD acts of the ax handles are literally the same as the UG activities of the BCP. So UG and PD are the same.

Brunei, Malaysia & Singapore

Singapore

Singapore: Chinese Official on Hong Kong Affairs Arrives

BK0906094396 (Internet) Television Corporation of Singapore WWW in English 0700 GMT 9 Jun 96

[FBIS Transcribed Text] China's Director of Hong Kong and Macau Affairs, Lu Ping, has arrived for a four-day visit.

Mr. Lu Ping called on Foreign Minister Professor S. Jayakumar and attended a dinner last night. Mr. Lu Ping will also give a public lecture on "China s Policy and Approaches on the Future of Hong Kong" on June 11.

The lecture is organised by the Institute of East Asian Political Economy.

Singapore: PRC's Lu: Singapore-Hong Kong Ties To Stay After 1997

BK1106115996 (Internet) Television Corporation of Singapore WWW in English 1046 GMT 11 Jun 96

[FBIS Transcribed Text] China's top official on Hong Kong [HK] and Macau Affairs, Lu Ping, has said relations between Singapore and Hong Kong after 1997 will not change.

Mr. Lu said Hong Kong's prosperity and stability would be complimentary to Singapore and vice-versa.

He said if Hong Kong remains dynamic after its hand over to China, it would augur well for Singapore.

He was speaking to reporters after a lecture on the future of Hong Kong.

Mr. Lu also spoke about how Hong Kong and Britain resolved the airport issue. He revealed that Britain had earlier offered to leave HK$5 billion in the reserve because of the cost of building the airport. Mr. Lu said following discussions, Hong Kong would now have

HK$25 billion in its reserves when it returns to China in 1997.

China had argued that with only HK$5 billion in reserve, the value of the Hong Kong Dollar will plummet.

Singapore: Lu Ping: PRC 'Takeover' Not To Affect Hong Kong Democracy

BK1206081196 Singapore BUSINESS TIMES in English 12 Jun 96

[Report by Vikram Khanna — received via Internet]

[FBIS Transcribed Text] There is no reason to fear that democracy or the rule of law in Hong Kong will be jeopardized after the Chinese takeover next year, or that there will be a loss of confidence in the territory, China's top official dealing with Hong Kong said yesterday.

Lu Ping, who is director of the Hong Kong and Macau Affairs Office, pointed out that the Chinese Government "envisages a high degree of autonomy for Hong Kong, much more than now."

"It is the Hong Kong people who will be ruling Hong Kong after 1997," he said.

Speaking at a lecture organized by the Institute of East Asian Political Economy, Mr. Lu observed that "except for foreign affairs and defense, which will be handled by the central government, everything else will remain the same." The Hong Kong Special Administrative Region (SAR) will have its own administrative and legislative powers and "no departments or provinces in the mainland will be allowed to interfere" in its daily affairs. Mr. Lu, who has been involved in Hong Kong affairs since 1978, said that some "very negative comments" on Hong Kong's future have caused him "some concern (about) misunderstandings of China's policy on Hong Kong."

With regard to democracy, he pointed out that Hong Kong's mini constitution, the Basic Law, clearly stipulates that democratization will proceed in a gradual and orderly way. He alleged that Britain had "reneged on the seven letters of agreement" relating to the composition and method of election of Hong Kong's ruling body, the Legislative Council (Legco), which was originally envisaged to straddle British and Chinese rule.

Therefore, China had "no other choice" but to declare that the present Legco would be illegal after the takeover. New elections would then be held, he said. But until then, there was the need for a body that would work towards a smooth transition, and that is why the provisional legislative council is being established.

On the rule of law, Mr. Lu said that Hong Kong's present legal system would remain unchanged after the Chinese takeover, with existing judges continuing in office. Although appeals to the Privy Council will be abolished, the Court of Final Appeal will be in Hong Kong, not in China. He added that the Hong Kong civil service, too, will continue in its present form. And Hong Kong's media will remain free, although advocacy could be construed as an offense, because "advocacy constitutes action."

As for nationality, Mr. Lu said that individuals with permanent resident status in Hong Kong will be allowed to retain this status. Hong Kong Chinese will also be permitted to retain their foreign passports, but only as travel documents, not as means of obtaining consular protection. He added that all Hong Kong Chinese permanent residents will be issued with Hong Kong SAR passports and appealed to Singapore to grant them visa-free status.

Rumors of loss of confidence in Hong Kong "bear no relationship to what is happening," according to Mr. Lu. He noted that the number and value of residential properties in Hong Kong climbed sharply last year and that the most expensive land transaction in Hong Kong's history was completed just three months ago.

"If Hong Kong people were not confident about Hong Kong, I do not believe they would part with their money and put it into real property in Hong Kong," he said.

Mr. Lu, whose three-day visit here ended yesterday, left for Malaysia.

Singapore: Goh Urges Nordic States To Establish Business Center

BK1106093096 Singapore THE STRAITS TIMES in English 8 Jun 96 p 2

[Report by Warren Fernandez in Oslo, Norway]

[FBIS Transcribed Text] Norwegian businessmen should join forces with their counterparts in the other Scandinavian countries to set up a Nordic Business Center in Singapore, Prime Minister Goh Chok Tong suggested yesterday.

Such a joint center would have a greater impact than if they set up a center on their own, he said.

Having a center in Singapore would also help Norway, which had voted against joining the European Union, to keep abreast of developments in Asia, as well as the developing Asia-Europe summit process. Singapore could then act as a "friendly ally of Norwegian businesses" in the region, he said.

Mr. Goh broached this idea at a roundtable discussion at the Norwegian Trade Council. He told the businessmen and industrialists present that he had floated the idea with the political and business leaders he met earlier this week in Finland and Sweden, who had been supportive.

"They said they would talk with you about it," he said, noting that some Norwegian businessmen were keen to set up a Norwegian Business Center in Singapore.

Talks are said to be underway between Norwegian business leaders in Singapore, the Jurong Town Corporation and the Economic Development Board to set up such a center in Jurong.

Like the German Business Center in Jurong, this would serve as a staging post for small and medium enterprises which wished to venture into Asia. It would provide secretarial and other support services to help lower the cost of doing so for these firms.

Norwegian business leaders yesterday expressed interest in the proposal and said they would study it.

During the 90-minute meeting they discussed with Mr. Goh and his delegation the prospects for further economic cooperation with Singapore.

Several of them voiced their concerns about the high cost of doing business in Singapore, as well as the difficulty of finding skilled labor and retaining such staffing Singapore's tight labor market.

One noted that his firm had decided to move part of its operations out of Singapore because of high operating costs, which were about four times those in Kuala Lumpur.

Mr Goh replied that it was part of Singapore's strategy for certain activities to be located in other parts of the region, which could then also benefit from Singapore's growth. It no longer "panicked" when this happened, as it saw the region as one big investment area.

But the government would be concerned if firms began to move their core operations elsewhere, as this could lead to Singapore being "hollowed out." It would investigate to find out why these firms were leaving, he said.

He added that Singapore wished to maintain manufacturing activity at about 25 percent of its economy. This was to prevent the country being plagued by high unemployment despite high growth being generated by a few booming industries.

This was a more "enduring approach" than relying too heavily on services, such as tourism, he said.

Turning to the labor shortage, he noted that 60 percent of each cohort of students in Singapore would be tertiary-educated. Even so, the country would have to supplement its limited supply of workers by recruiting from abroad.

One possibility, he suggested would be for the Economic Development Board to work out a scheme to recruit surplus semi- skilled workers from countries in the region who could be trained in Singapore's polytechnics and vocational institutes. More places could be made available at these institutions if necessary he said. These workers could be required to work for a few years in Singapore, or in a third country where Singapore and its business partners were investing, before they returned home.

Such a program would benefit both Singapore and its neighbors, which would share in its growth and gain from the training of their workers.

Mr Goh also floated another idea to help businessmen beat high costs. Those in the oil and gas industries might consider setting up operations on Karimun, an island larger than Singapore and located in the Riau archipelago at one end of the Straits of Malacca, he suggested.

Noting that Indonesia was keen to have its oil industries based within its territory, he said that it would be practical to site these facilities on Karimun, instead of Jakarta or Surabaya.

Singapore could provide the support services for such a center, while Indonesia would gain by having Karimun tapping into Singapore's growth dynamo. If there was interest, he would work out the idea and raise it with Indonesia's leaders, he said.

Norwegian business leaders later described the session as a "fruitful" one, saying that the prime minister had raised many interesting ideas for them to consider.

Singapore: Goh Urges Adding 'Depth' to Economy, Seeking Out Business

BK1106093296 Singapore THE STRAITS TIMES in English 10 Jun 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Singapore needs to add depth to its economy by placing more emphasis on research and development [R and D] and venturing out into the world in search of business, Prime Minister Goh Chok Tong has said.

A long-standing emphasis on R and D, he noted, had given Scandinavian firms the depth they needed to be competitive world-beaters producing quality goods of high technology, despite these countries having relatively small populations.

A sense of adventure had also led them to venture abroad to seek out business opportunities, he said, adding that these were qualities that Singapore should emulate.

"The lesson for Singapore is that we can't just depend on property development for the future. We can't just be a nation of property agents.

"It can help you get rich very quickly but what happens when the housing market collapses? Then all the property agents will disappear and the whole prosperity of Singapore will disappear," he said.

Singapore would have to do more R and D, he said, adding that the most immediate way of doing this was to pump more money into the two universities for R and D projects, as well as to draw up plans to help businesses spend more on research.

Steps would have to be taken to identify areas in which Singapore could specialize its R and D work, such as in the fields of telecommunications and software. It would also have to find areas where it could combine its efforts with other countries, he said.

A team of Singapore scientists will also be sent to Sweden's Karolinska Institute, a renowned institute noted for its medical R and D efforts, to explore areas of possible cooperation.

For the longer term, the Government also wanted to have an education system which encouraged Singaporeans to be more creative and enterprising.

It was studying how the examination system might be modified to do so, but any changes were likely to be "an evolutionary process" and would take time, he said.

Mr Goh made these points at a press conference on Saturday to wrap up his eight-day official visit to Finland, Sweden and Norway.

The visit, he said, had "convinced him even more that the future for Singapore was very bright". He was amazed to hear that the Norwegians viewed Asia as having the potential for high growth over the next 30 years.

"If they, from so far away, can see a robust market economy emerging for them, surely we in Singapore will benefit from growth in the Asia-Pacific," he said.

"Singaporeans should have the same attitude as the Norwegians. Go where the opportunities are and you will make a lot of money ... And when they come back they can afford what they want."

On his proposal for a Nordic Business Center to be set up in Singapore, he said that the aim was not just to provide a launching pad for Scandinavian firms to enter Asia, with Singapore acting as a broker and collecting commissions.

"Again, there's no depth you are merely trading," he said.

Instead, Singapore's strategy was to draw out small- and medium- sized firms from the Nordic countries which had the technology and expertise in demand in Asia.

These companies could tie up with Singapore firms to venture into the region.

"On our own, we would not have all the expertise, products and technology needed by Asian countries. So we have to look for partners who can bring in the technology," he said.

Finland and Sweden were supportive of his proposal to set up such a Nordic center. But Norway, which had plans to set up a center of its own would now have to review these plans, he said.

Asked if there would be any follow-ups to his visit, he noted that the Norwegians were warm people, whom he sensed Singapore could do business with. There were also good opportunities for doing business with Sweden and Finland.

One possibility: Singapore could explore a suggestion that it make use of Norwegian technology for building underground rock caverns to build underground carparks, or storage spaces for water and other essential resources.

In the future, Singapore might also be interested in building an underground city, which would enable it to maximize the use of its limited land space, he said.

Singapore: Prime Minister Goh Returns From Scandinavian Visit

BK1006103896 (Internet) Television Corporation of Singapore WWW in English 0906 GMT 10 Jun 96

[FBIS Transcribed Text] The prime minister has returned to Singapore after his 8-day official visit to Finland, Sweden, and Norway.

Earlier, Prime Minister Goh Chok Tong said there was yet another lesson from his trip to Scandinavia that he wanted Singapore to see. He said it dealt with the emphasis these countries placed on research and development [R&D].

"The lesson for Singapore is this — we can't just depend on property development — we just can't be a nation of housing agents."

Mr. Goh asked what would happen if the property market collapsed, adding that the housing agents would disappear.

He stressed the need to have a "layer of expertise, adding that measures like pumping more money into R&D would be one way. Another way is getting our students to be more curious and inquisitive."

Singapore: Lee Kuan Yew Discusses Future

BK1006094596 Singapore THE STRAITS TIMES in English 8 Jun 96 p 34

[Speech by Singapore's Senior Minister Lee Kuan Yew to the Singapore Press Club and the Foreign Correspondents Club on "The Future of Singapore" at the Raffles Hotel in Singapore on 7 June]

[FBIS Transcribed Text] This title was proposed by the Press Club. I agreed to it because it is topical arising out of my recent speech in Parliament.

In 1965, Singapore suddenly became independent — a vulnerable island with an improbable chance of survival. The geopolitical, economic, and demographic forces were against it.

Singapore is not a natural country. It is man-made, artificial, the result of British commercial activities across the oceans which made it a nodal point in a worldwide British maritime empire. We inherited one nodal point, but without a hinterland, like a heart without a body. We faced a bleak future.

I had one simple guiding principle of survival from the very start, that Singapore had to be better organized than the countries of the region.

My colleagues and I worked out two strategies to overcome our difficulties:

(1) We leap-frogged the region. Our neighbors were out to reduce their economic links with us. So we linked up with the developed world. MNCs [multinational corporations] became a driving force in manufacturing and we exported our products to them. No other country in the region did this.

Now this strategy has proved so successful that all our neighbors, and the whole of Asia, are doing likewise.

(2) We created First World conditions in what was then a Third World region. We succeeded in establishing First World standards in public and personal security, health, education, telecommunications, transportation, both sea and air, and in social services.

We became a base camp from which entrepreneurs forayed into the less developed areas around us. We trained our people and geared them to provide First World standards of service.

But now, our neighbors are doing the same to catch up. They are putting in the infrastructure and are setting out to match us in the services they render to the world, whether airports, seaports, telecoms, financial centers, whatever.

Formerly we had the advantage in the use of the English language. Now the Malaysians have decided to go back to using English. And more and more Indonesians and Thais have mastered English.

What will our future be under these changed conditions?

We have to move upwards to new niches, find a new path to succeed. If we succeed, others will later follow our path. But first, we must work out that path and be successful. We should not brag about our strategies, especially before they have worked.

If and when we succeed, the economists and feature writers can write about them. Meanwhile, we must quietly sort our options to test out and implement them.

Some will fail, but the key ones must succeed if we are to stay ahead and be a beacon for progress.

Will S'pore survive after Lee Kuan Yew?

An island city-state in this part of the world cannot be ordinary if it is to survive. At the end of the empire, European military and trading outposts have been reabsorbed by their hinterlands — Pondicherry (French) and Goa (Portuguese) into India; Hong Kong (British) and Macau (Portuguese) into China; Gibraltar (British) eventually into Spain.

Singapore must have two preconditions to survive: First, leaders of quality — tough minded, dedicated, determined, able, and honest.

Second, the people must be aware of its fundamental vulnerabilities, and willing to pull together to face challenges. We have to remain more tightly knit, better organized, and more competitive, or we will eventually be reabsorbed.

Remember, Singapore together with south Johor, was part of the Riau sultanate.

In 1965, when we became independent, Singapore's leaders were from a generation that had been through fire — World War II and Japanese occupation, a bitter fight against the communists, and unremitting clashes against Malay ultras and Chinese chauvinists. They were men who had been in battle.

They were drawn into politics by the revolutionary forces of history — the end of European empires and the contest for supremacy between international communism and nationalism. We won against the communists and simply had to see our responsibilities through.

What we were paid was irrelevant. We had the full support of a people who had gone through severe trials and tribulations with us, knew the dangers they faced, and were united and determined to work hard and pull together to survive and succeed.

If we had left things to evolve naturally, we would never have had a successor leadership in place able to carry on our work. Left to natural political interaction, we would have had young activists join the party branches, but none able to take over from us and run the government the way we did. Our economy had become more sophisticated, and society more complex.

We needed men with integrity, strength of character, and ability, close to that of the original team. By trial and error, we evolved a system of talent spotting and head-hunting.

It was a difficult process. A man may have all the qualities to be successful in his chosen field. But when tossed into the electoral sea, many did not take to the salt water — the frequent demands of ordinary people for attention and their problems that they had to help solve.

But most important of all, several did not have the knack of persuading ordinary people to support their policies.

Having found suitable men, our next problem was to keep them and nurture them until they were ready.

To do that, I had to give them work of significance to do, and not treat them as apprentices. As I allotted them important tasks, some of the Old Guard became apprehensive for their own positions. They saw no reason why these bright, young, energetic men who had not contributed to the struggle, should come in and displace them before they were ready to go.

Yes, the Old Guard agreed that we needed to prepare successors but quite a few did not agree that they were getting old and getting on that fast. One of them told me, "Stop talking about our getting old, we are good for many more years, and better than many of our age."

I was alarmed. I could see them visibly aging when we met for our weekly Cabinet meetings.

It was touch and go whether the PAP [People's Action Party] could have survived a rebellion from part of the Old Guard. They did their head counts of the MPs [members of parliament] and decided that the majority would go with me. I had strong support from Dr. Goh Keng Swee and S. Rajaratnam. So I pressed on.

One difficult decision was to step down myself at the end of 1990. I asked myself: Which was more difficult?

To step down then when I could still help the new Prime Minister get his team into shape and learn to handle the job, or to step down after another five-year term when I would be older and less swift in my reactions. I decided it was better to step down while I was still in shape.

After much time and effort, we have put in government a team of men of high competence and high integrity.

They have a growing capability to solve the ever recurring problems of an independent island city-state. Their job is difficult because often the worries and threats to Singapore cannot be articulated, brought out into the open and shared with people, in case confidence is unduly shaken.

All the Old Guards except me have gone. So when you ask me will Singapore survive after Lee Kuan Yew, my answer is yes, but provided Goh Chok Tong keeps his team together and keeps on strengthening it by constant self-renewal and keeps adjusting policies to meet changing circumstances.

One crucial change is in the mood of the people, that all is now well, our crises are behind us. Hence, their expectation that growth and progress will continue whoever is the government.

Very few of the able and talented are willing to stand for elections and take office. It had never been easy to get good men to go into politics even in the difficult and challenging days of the 1960s and 70s.

Now the PM [prime minister] has almost to conscript them. Few want to sacrifice their privacy and chosen careers for a life where the spotlights are constantly on them and failure cannot be concealed. Worse, they sacrifice their hopes and well-founded expectations of high future incomes.

I have watched the degradation of standards of probity in both the non-communist democracies like India and the Philippines, the authoritarian regimes like Korea and Taiwan (now renamed by the American media as democracies) and the communist or socialist one- party states. Corruption and nepotism is now part of their political culture.

The heroic sacrifices of the founding fathers — the Pandit Nehru's, Mao Zedong's, Ho Chi Minh's, have been followed by the shabby betrayal of their high ideals by some of their less worthy successors.

In short, we had to pick up the gauntlet thrown down by history, the history of those nationalists who successfully led the anti- colonial fight for freedom but failed to have honest and capable successors.

This was long before academics like Professor Samuel Huntington predicted that Singapore's system would follow me to my grave.

When we saw the venality and corruption that followed the revolutionary and self-sacrificing nationalist leaders, we set out to find and test in office a successor generation, of the same caliber as ourselves, and supported by a culture for honesty in society and a constitutional system that can uphold that culture.

One necessary change I had for some years urged the prime minister to undertake: It was to completely change the salaries of ministers and public officers and link them to those of the private sector.

The media editors tell me that the public accepts the principle of pegging to private sector incomes, but to many people the figures look unduly big. Well, I have asked for and studied the income tax figures for 1994 on which 1996 ministerial salaries are calculated. These are real incomes reported by real Singaporeans.

On another occasion, I will speak on them in greater depth. We have to be realistic that we need our best men and women in government to work at the Singapore miracle Mark II, and such men and women will in the private sector get top rewards.

But equally important, the people have to understand that the prime minister and his Cabinet need and deserve their support for sound policies which must be tough to bring long-term benefits.

Sound policies are usually tough, otherwise all populist governments would be successful. Soft options are a luxury an artificial man-made country like Singapore cannot afford.

We cannot be a relaxed easy-going welfare society. We are either competitive and can run with the best and win, or there is no reason why this island city-state should be separate and independent, and have a standard of living and a quality of life better than its neighbors.

Singapore needs a strong government with heavyweight leaders to make up for its lack of weight as a country.

The prime minister and his ministers must form a closely knit team, able to deal decisively with difficulties, to design and carry out imaginative policies, to mold and mobilize public opinion to support what needs to be done.

Singapore cannot have a minimalist government, like Switzerland or Italy, or one so fettered by checks and balances that it cannot do what it knows to be necessary, like the United States.

The team around the prime minister must have several star players, strikers who can help score the goals. He needs a few heavyweights, men with sufficient girth and the experience to have developed that sensitive political touch. And he must have an inner group, comprising ministers whom he trusts because he has found their judgment sound. They must work closely together, giving mutual support to one another and scoring goals as a team.

Goh Chok Tong's inner group includes myself, Tony Tan, Lee Hsien Loong, Jayakumar, Wong Kan Seng, plus Teo Chee Hean, Lim Hng Kiang, and George Yeo from the next batch. He lost three valuable ministers — Tony Tan, Dhanabalan, and Yeo Ning Hong but fortunately recovered one Tony Tan.

He cannot lose more potential scorers without weakening the team and missing scoring chances in crucial matches.

I cannot envisage an alternative government emerging through political dissidents and oppositionists coming together to produce an alternative programme.

There just is no viable alternative programme for an island city- state other than what we have empirically worked out in the last 30 years. This is why the able and talented have not come forward to form a credible alternative team and challenge the PAP. They know the PAP is doing the right thing, and there is no alternative way.

They are content to thrive and prosper with the present men in charge. Those who have come forward to be an alternative to the PAP are mostly light-weights or worse, flawed characters.

Throughout the difficult early years the Old Guard, leaders had the unstinting support of the bulk of the people, especially the Chinese-speaking who are imbued with traditional attitudes and values to government and society.

They are down-to-earth and practical in their expectations of government. Without this core group as electoral ballast, we could not have succeeded.

Chinese-educated PAP, MPs like Chng Jit Koon, Goh Choon Kang, or Choo Wee Khiang embody and reflect these attitudes and values.

Recently, Choo Wee Khiang spoke up in Parliament against Walter Woon's criticisms of proposed legislation (the Miscellaneous Offenses (Public Order and Nuisance Act) to make it easier to convict people who allow their telephones to be used for nuisance calls, and people who expose themselves nude in public view even if they are not in a public place. THE STRAITS TIMES published articles attacking him for not giving weight to safeguarding individual rights.

But Choo Wee Khiang's attitude, that the laws must enable the government to do what is necessary and the safeguard lies in voting in a government we can trust, not in laws which tie the government down, is the attitude of the vast majority of Chinese-speaking Singaporeans shared by the Malay-speaking and Tamil-speaking in the HDB [Housing and Development Board] new towns, those least influenced by Western liberal ideas.

Thirty years of continuous growth and increasing stability and prosperity have produced a different generation in an English- educated middle class. They are very different from their parents.

The present generation below 35 has grown up used to high economic growth year after year, and take their security and success for granted. And because they believe all is well, they are less willing to make sacrifices for the benefit of the others in society.

They are more concerned about their individual and family's welfare and success, not their community or society's well being.

But this is very dangerous, because things can go terribly wrong very quickly. These people are not aware of Singapore's vulnerabilities. All they read and see is No. 1 or No. 2 competitive country, No.1 seaport, No. 1 airport, No. 1 airline, and so on. Sometimes, they complain that we are driving people too hard and making life too stressful, so why not settle for No. 2 or 3, or 4!

But it does matter, for if we are not near the top in competitiveness, there is no reason why we should have a seaport, or an airport, or an airline — or indeed why there should be a separate independent Singapore. It is as simple as that.

The revolution is over in Singapore, and in China and Vietnam. Heroic revolutionary leaders had been followed by bureaucrats and technocrats who have to contend with the disillusionment of their peoples after their revolutions had failed to bring the golden age they were expecting.

The big difference is that they have to deal with the problems of economic failings while we have to cope with the new problems that come with success.

My colleagues and I had anticipated these problems. So we had set up a system that would ensure mutual vigilance to maintain high standards of integrity and competence.

But I believe that more important than the institutions is the culture of honest government in an honest society that we have established.

The people have come to expect high standards of honesty and ethical behavior from their political leaders, their administrators, their bosses, and themselves.

Those in charge of key institutions have been imbued with a sense of mission to uphold that culture of honesty. So when something appeared to be amiss, the prime minister and his senior colleagues decided to investigate me as senior minister and the deputy prime minister.

This was an important test for the culture of honesty and for the system the Old Guard set up.

But in a system of one-man one-vote, if the people do not realize, or do not accept that they need to vote for strong, able, honest, and determined leaders, and to back their policies, then Singapore will flounder.

We are not an ordinary country. If we switch from a competent government to an incompetent opposition, in less than two elections, we will squander all our resources and assets and will never recover.

See the price the Japanese have paid after the LDP [Liberal- Democratic Party] split and the LDP government fell. Political instability in a very stable society has nevertheless cost Japan dearly.

One crucial factor beyond Singapore's control is the international order.

Singapore needs an international environment which allows a small island city-state, to live its life peacefully. The present international environment is in a state of flux. A new Cold War between China and the United States will be bad. It could be worse if the United States were to withdraw and the Japanese re-arm.

The best scenario is where the triangular relationship between the United States, Japan, and China is stable because this will give all countries enough elbow room for themselves.

Singapore: Goh 'Prepared' To Call for General Election

BK1106093896 Singapore THE STRAITS TIMES in English 10 Jun 96 p 1

[Report by Warren Fernandez in Bergen, Norway]

[FBIS Transcribed Text] Prime Minister Goh Chok Tong has said that he will be prepared to call a General Election after the National Day Rally in August.

He added that he now had a team of younger leaders in place, including a core group which would be able to lead the Government in future.

Responding to reporters who asked if he was prepared to call an election as the Government had taken steps to tackle the key issues of transport and housing, he said:

"I am more prepared to call the General Election over the National Day Rally, when I have explained the challenges facing Singapore and the possible solutions we can have for them."

He added that he was quite satisfied that Singaporeans now understood the Government's transport policy.

The government would improve the public transport system by building more MRT [Mass Rapid Transit] lines and light railways, while controlling the growth in the number of cars and their usage.

On housing, his main focus was on public housing, he said.

The government had guaranteed that every new household would be able to afford a flat. It would build more flats if necessary, but not on such a scale that they would flood the market and cause prices of HDB [Housing and Development Board] flats to fall.

But there was also the new issue of young professionals wanting to own private properties, who were hit when prices shot up in the past three years, he noted.

The government had some ideas on how to help them meet their aspirations, he said, adding that he would speak on the subject at the National Day Rally, usually held in mid-August.

The government would also address the perennial issue of the rising cost of living, he added.

He made these points at a press conference on Saturday held on the island of Fedje, off the Norwegian coastal town of Bergen, at the close of his official visit to Finland, Sweden and Norway. Mr Goh and his delegation arrive home today.

His remarks are the latest hint on the timing of General Election, which must be held by April next year but is widely expected later this year.

He was also asked to comment on the remark by Senior Minister Lee Kuan Yew last Friday that he would need heavyweights and strikers in his Cabinet.

Mr Lee had said that Singapore could survive him if Mr Goh was able to hold his team together, renewed it constantly and kept adjusting policies to changing circumstances.

In his reply, Mr Goh said he believed that his team had the "core for the next generation of leaders"

This core group included Brigadier-General (NS) [National Service] Lee Hsien Loong, Rear-Admiral (NS) Teo Chee Hean, Mr. Lim Hng Kiang and Brigadier-General (NS) George Yeo, he said.

"You need a minimum number of people who can carry the team. And the rest have to be good ministers. So when we talk about heavyweights and strikers, in no way do we suggest that the other ministers are not important.

"You have to work as a team. If you are all stars and you cannot gel, you cannot function," he added.

He was also asked if the controversy over the sale of properties to SM [Senior Minister] Lee Kuan Yew and BG [Brigadier-General] Lee [Hsien Loong] would affect the party's performance at the polls.

Responding, he said that the case had been discussed openly, with SM and BG Lee opting to disclose all the facts.

The episode showed the strength of the Singapore system, as it was able to withstand rumors and scrutiny. It proved that anyone would be investigated if there was suspicion of wrong-doing.

The HPL [Hotel Properties Limited] episode, however, had highlighted a more worrying trend — that of Singaporeans becoming more selfish, he added.

Unlike in the past, when the people rallied to build a nation and were united behind leaders who could solve their problems, there was now no internal or external threats to the country.

Instead, Singaporeans now seemed to focus on pursuing material wealth for themselves and their families while forgetting the underlying factors that made their prosperity possible, he said.

"In other words, if I may be so blunt, we have become a little selfish," he said, noting that Singaporeans would not be able to achieve their dreams if they did not work together.

"If we continue to work as a team, understand our vulnerabilities and make the right decisions now, as Asia and Singapore are at the crossroads, we have a bright future ahead of us."

Cambodia

Cambodian Source: Opposition Leader To Meet Burmese Counterpart

BK1106115896 Phnom Penh ODDAMKEAKTE KHMER in Cambodian 5 Jun 96 pp 1, 4

[FBIS Summary] In a 500-word unattributed report, entitled "Aung San Suu Kyi Wants To Meet Sam Rangsi", the paper, citing a source close to the Khmer Nation Party [KNP], says that party leader Sam Rangsi on 3 June granted an interview at the party's main office to two reporters from ITN, a British television company.

According to this unidentified source, the two reporters mentioned Burmese opposition leader Ang San Suu Kyi's suggestion for cooperation and solidarity among liberal democratic movements in Southeast Asia. In reply Sam Rangsi said that his party had already issued a statement opposing an official visit to Cambodia by leaders of the Burmese military government and that he would lead a demonstration against it if the visit took place. This source also affirms that Aung San Suu Kyi wants to meet Sam Rangsi, leader of the biggest opposition party in Cambodia.

The report states that at the invitation of the National Institute for Democracy Sam Rangsi will go to Bangladesh on 8 June as an international observer of the general elections there. Sam Rangsi, Kong Koam, and some important party members, will then meet in Paris to participate in a big demonstration on 15 June organized by overseas Cambodians from the United States, Canada, Australia, and Europe, to demand genuine democracy for Cambodia. After that, Sam Rangsi will meet with Aung San Suu Kyi to discuss the international alliance of democratic movements in the region.

According to the report, Kong Koam, KNP deputy leader, will then travel to the United States at the invitation of Cambodians who are KNP members there. While the leader and deputy leader of the party are away, party secretary-general Khieu Rada will assume the role of acting leader and will travel to open more party offices in the provinces.

Cambodian Daily Views Possible Split in CPP Leadership

BK1106093796 Phnom Penh ODDAMKEAKTE KHMER in Cambodian 5 Jun 96 pp 1, 4

[From "Today's comment" column by Nuon Norin]

[FBIS Summary] In this 450-word item the author refers to a recent report carried by the Voice of America which said there could be a split among leaders of the Cambodian People's Party [CPP] before the election in 1998. He goes on to say that a split in the CPP leadership, which could lead to an armed conflict, would be very dangerous for the Cambodian nation and people.

The author picks up a sentence from a speech Second Prime Minister Hun Sen had made at a meeting with orphans who have just guaduated from the university. Talking about power sharing with FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], who won the election in 1993, Hun Sen told the students that "from now on I will not agree to let anyone or any party join the government structure, and if I do not sign, who dares to do so?" The author argues that Chea Sim, who is CPP chairman and legitimately a co-prime minister with Prince Norodom Ranariddh, should also have a say in any decision that affects the CPP.

The author also wonders whether Pen Sovan, a former CPP strong man, would be brought back in the event there is a reshuffle in the CPP leadership.

Cambodia: Paper Urges Ranariddh To End 'Sneaky Verbal Attack'

BK1106135796

[FBIS Report] Phnom Penh CHAKKRAVAL in Cambodian carries two articles on the ongoing conflict between First Prime Minister Norodom Ranariddh of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and Second Prime Minister Hun Sen of the Cambodian People's Party [CPP].

On 5 June, the paper carries a 250-word article on pages 1 and 4 by Kolab Sar entitled "Samdech Hun Sen Is Testing ..." criticizing First Prime Minister Norodom Ranariddh for causing tension over the past two months. It also recalls the presence of Ranariddh Chea Sim, and Hun Sen at a religious ceremony at Vat Than monastery in Phnom Penh on 1 June at which the two leaders made an oath to stop quarelling with each other and that "if anyone of us betrays this oath may he be swallowed up by the earth" and adds that "this has forced Samdech Hun Sen to believe the prince krompreah for the time being."

The paper says that Hun Sen decided to go to Singapore on 2 June for a short period for medical treatment following an appearance at Vat Than monastery and that Ranariddh did not say anything that affected the CPP or Hun Sen in a speech in Takeo Province the next day. It concludes by saying that "it is not yet known whether this is a political trick of the prince krompreah or whether he has admitted his submission to the situation."

On 6 June, CHAKKRAVAL also carries a 300-word report on pages 1 and 4 by Neay K'at entitled "The Prince Krompreah Still Sneaks in One Attack of Two." The report says that tensions between the two leaders, Ranariddh and Hun Sen, have eased. It also says that Hun Sen has put aside his verbal attack for two weeks but Ranariddh is still carrying on, albeit occasionally. The report goes on to caution Ranariddh not to do this too often, just in case Hun Sen retaliates. The report concludes by calling on Ranariddh to end this sneaky verbal attack if he really wants genuine national reconciliation.

Cambodia: Call for a United Front of Democratic Parties Viewed

BK1106124196 Phnom Penh MONEAKSEKA KHMER in Cambodian 5-6 Jun 96 pp 1, 3, 4

[Report by Moneakseka Khmer]

[FBIS Summary] This 1,000-word unattributed report, entitled "The United Front of Cambodian Democratic Forces Similar to National League for Democracy in Burma," begins by reviewing the development of democratic movements in former communist or socialist countries, highlighting the movements in Burma led by Aung San Suu Kyi, who has received support from the United States, Japan, and some ASEAN countries; and in Cambodia by Sam Rangsi, leader of the Khmer Nation Party [KNP].

The report recalls the KNP congress, held on 9 November 1995, attended by former U.S. Ambassador Charles Twining, and officials from the Embassies of Australia, Canada, Japan, Thailand, the Philippines, and others. The Phnom Penh government criticized these diplomats for their support for the establishment of the KNP. At this congress Twining told foreign reporters that "We are here to express our support for the pluralist liberal democratic system."

The report goes on to say that "a representative of the International Republican Institute in the United States also expressed vigorous support" at a recent opening of KNP offices in Sihanoukville and Prey Veng Province. It adds that "at the news that signs of threat and intimidation have emerged against the newly opened KNP offices in Prey Veng Province, Australian Ambassador Tony Kevin visited the KNP's main office in Phnom Penh to express support for pluralist liberal democracy in Cambodia."

The report adds that "four liberal democratic parties — the KNP led by Sam Rangsi, the Buddhist Liberal Democratic Party led by grandfather Son Sann, the Nationalist Party led by Khim Phomvihan, and the Cambodia Revived Party led by I Phanara — issued a joint statement appealing for a united front for democracy in Cambodia."

The statement says: "We appeal to all democratic and nationalist forces to unite and oppose dictatorship, to end civil war, and to fight against and oppose corruption in the search for justice for the Cambodian people and to defend Cambodia's territorial integrity."

The report ends by quoting some observers as saying that if the liberal democratic united front did materialize, this movement would become a powerful democratic force in Cambodia, just like the National League of Democracy in Burma.

Cambodia: Paper Accuses FUNCINPEC Leaders of 'Illegal' Deals

BK1106142696

[FBIS Report] Phnom Penh CHAKKRAVAL in Cambodian carries three related reports dealing with corruption among high-ranking officials of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], one party in Cambodia's coalition government.

On 5 June, in a 210-word report on pages 1 and 4 by Leakhena, the paper makes the following accusation: "Prince Krompreah [First Prime Minister Norodom Ranariddh] recently purchased a huge villa costing 14 million francs, $3 million, on the coast of southern France in Saint Jean-Cap-Ferat Alps Maritime. This house was purchased by the Societe Civile Immobiliere represented by Eng. Roland, Cambodian ambassador to Bangkok, Thailand, who is the younger brother of Marie Ranariddh and brother-in-law of the prince krompreah."

The paper goes on to say that the rumor was checked with a high- ranking official, and another one from France, who said that "the story about the purchase of the 14-million-franc villa in France is true, but the villa does not belong to the prince krompreah; it belongs to Eng. Roland, the Cambodian ambassador to Thailand." The paper says it was very easy to learn who is the owner of the house by checking the bank from which the money came from, the bank account number, and the account's owner. It speculates that the Cambodian ambassador got money to buy this house by selling land belonging to the Cambodian Embassy in Bangkok.

On 5 June, CHAKKRAVAL also carries a 260-word unattributed report on pages 1 and 4 stating that land belonging to Cambodian Embassies in Japan, Thailand, and Singapore, had been sold by colluding officials with part of the proceeds going into the pockets of officials and another part going to the party's coffer.

On 6 June, CHAKKRAVAL again takes up the story in a 400-word report on pages 1 and 4 by Prloeng Reas Khmer. The report quotes an unidentified people's representative affirming that selling land belonging to Cambodian Embassies in Japan, Thailand, and Singapore "is completely illegal" and goes on to say that "judging from the statement by this official the above sale was certainly connected to Eng. Roland, as was the purchase of the 14-million franc villa in France."

The paper promises to reveal more information.

Cambodia: Hun Sen: Death of 'One Pol Pot' Not End of 'All Pol Pots'

BK1206084896 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 12 Jun 96 pp 1, 6

[Report by Vanna]

[FBIS Translated Text] During a visit to the people of Lve commune and a separate talk with some 4,000 Cambodian People's Party [CPP] members in Lve commune, Kaoh Sotin District, Kompong Cham Province, on 10 June Samdech Hun Sen said that "a certain political party has been provoking a political crisis in Cambodia in order to get a political solution...." and that the wide publicity about "Pol Pot's death will unmistakably be a new political game in the future."

Analyzing the reports on Pol Pot's death, the samdech explained that there would soon be a proposal for negotiations to be held between the legal Royal Government of Cambodia and the Khmer Rouge rebels on the ground that Pol Pot has died.

He stressed that this was only his prophecy about what would happen in Cambodia following the reports of Pol Pot's death. He did not, however, clarify which political figure or which political party would raise this problem in the future. He said: So far, no intelligence sources have confirmed that Pol Pot is dead. That Pol Pot is sick with malaria has been confirmed, but there is no confirmed report that Pol Pot has died.

Samdech Hun Sen went on to tell CPP members in Lve commune: Even if one Pol Pot dies, it will not end all Pol Pots. Why? Because Pol Pot's political and military organizations — that is, the Pol Pot networks — remain alive. So, even if Pol Pot, Khieu Samphan, Ieng Sary... are dead, it would not be the end of Pol Pot's political networks. For this reason, "we must never overlook the possibility of Pol Pot's return because the Pol Pot inside and the Pol Pot outside are closely cooperating with one another."

The samdech claimed that the Pol Pot elements inside the country are relying on the Pol Pot elements outside as a counterweight and that sometimes they may even use the Pol Pot armed forces to put pressure on us. So, this is a political game that will become a problem in the future.

The samdech said he will raise this issue, this game during the Standing Committee session of the CPP Central Committee on the next Monday of this month. The upcoming party session will discuss what measures should be taken if such a problem arises.

The samdech also informed local CPP members that the troublemakers now follow another political tenet: They would do anything — such as shooting at the house, throwing grenades, or attempting to assassinate members of the samdech's family, that is, doing everything — so that the samdech would respond with military force. "When Hun Sen can no longer take it and reacts, then there will be a political crisis." It is why, the samdech said, I have told my bodyguards and supporters that even if they shoot at or throw grenades into Hun Sen's house, you must not respond; just walk away.

The samdech also instructed all local CPP members not to have disputes or conflicts with anybody. He told them they should do what they mean to do. Do not make promises. If you do not mean to give, do not give. If you mean to give anything to anyone, do it without saying that you will.

Samdech Hun Sen stressed that the CPP would hold an extraordinary session in 1997 to adopt a policy for the future.

On the same occasion, the samdech answered the local people's wishes by handing over three school buildings with 15 classrooms worth U.S. $60,000 in Lve commune along with 25 drinking wells, five metric tons of rice, and 1 million riels to Kaoh Sotin District and 3 million riel to Lve commune.

The samdech also donated $10,000 from the CPP coffer to the CPP committee of Lve commune to be used as business loans to the local people.

Cambodia: Paper Reports Threat Against Ministry Official

BK1106121396 Phnom Penh CHAKKRAVAL in Cambodian 6 Jun 96 pp 1, 4

[Report by Suthearos]

[FBIS Summary] A 350-word report reviews attempts by some quarters to shut up reporters or have them prosecuted and praises efforts by the authority overseeing the media to protect reporters.

The report goes on to say: "On 3 June 1996 at 0930, stupid persons made telephone calls threatening the life of His Excellency [H.E.] Prum Nheanvichet, under state secretary of the Information Ministry, using the most impolite and terrible words, saying 'this house is definitely a Vietnamese house. Beware of being killed with your entire race, you Vietnamese.'"

The report says: "These stupid persons made three more phone calls to H.E. [Prum Nheanvichet] on 4 June 1996 at 1510, without actually speaking." It adds: "It is remembered that H.E. Prum Nheanvichet protested and expressed his views to [Information Minister] H.E. Ieng Muli by openly defending 17 blacklisted newspapers that were to be taken to court by the Information Ministry following the prince krompreah's [First Prime Minister Norodom Ranariddh] order to the Information Ministry on 17 May 1996 to wring the newspapers' neck and shut them up for denigrating the king."

The report ends by calling on the Interior Ministry to find those making the threatening calls.

Indonesia

Indonesia: Suharto Insists Golkar Must Keep Majority Status

96SE0082A Jakarta KOMPAS in Indonesian 23 May 96

[Received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS—President Suharto, who is also chairman of the Golongan Karya [Golkar] Development Council, asked Golkar cadres to devote increased attention, thought, and effort to ensure that the 1997 general elections are held successfully and that Golkar again is entrusted with the support of the people, so that it will continue to be the majority party.

In his speech to the Second National Working Conference (RAKERNAS) of Golkar held in Jakarta on 22 May, Suharto, the chairman of the Golkar Development Council, said: "The effort to make a success of the general elections will always be a very important program for Golkar." His speech on the occasion was read by Saleh Affif. Also attending the national working conference are members of the Central Executive Council of Golkar. It is being held under the theme, "Strengthen Coordination and Support for the Success of the General Elections" and will continue in session until 24 May. A number of members of the cabinet who belong to Golkar are attending the conference, as well as the central and regional leadership of Golkar, and Golkar members of Categories "A" (members of the Indonesian Armed Forces) and "B" (government employees).

On the same occasion Harmoko, the general chairman of the Central Executive Council of Golkar, also declared that Golkar is fully aware that the effort to achieve success for Golkar in the 1997 general elections is an absolute objective, not something to toy with, and not a matter for further discussion.

According to Harmoko, the people in general have considered and concluded that the government of the New Order is a Golongan Karya (Golkar) government. The success of the development program is a success for Golkar, and this will even more be the case if the development program does not succeed. He said: "Such a situation would have implications for the very existence of Golkar."

President Suharto said that the effort to make a success of the general elections will always be a very important program for Golkar. This is because the general elections are the first stage of the five-year cycle, based on the Constitution which provides a democratic foundation for the social and political role of Golkar in carrying out the development program, in accordance with the Pancasila [Five Principles of the Nation] and the Constitution of 1945. Suharto said: "This is more especially so since the 1997 general elections have a deep meaning for Golkar. They will very much determine the course of the Indonesian nation as we enter the 21st century, which is full of challenges."

Winning the Sympathy of the People

President Suharto said that to continue to develop and obtain the sympathy and trust of the people, those Golkar cadres in particular who are government employees must be able to display their role and loyal duty through government programs which affect the interests of the people as a whole. He said: "At the same time we must prevent excesses from occurring in the development program which could harm the interests of the people." The chairman of the Golkar Development Council reminded all Golkar members that they must always keep in mind the purpose of their activities, that is, service and work.

In another part of his speech on the occasion, Suharto also reminded his listeners that it is the duty of Golkar cadres to continue to point out to all groups in the community the successes of the development program as a result of Golkar's efforts. Suharto said: "If Golkar cadres can explain this in a persuasive way, I am convinced that the voters will have no further hesitation in casting their ballots for Golkar in the forthcoming general elections."

He also said that we should not close our eyes to a number of shortcomings and weaknesses in the development program. Suharto continued that this situation contributes to the efforts made by certain groups, which are trying to downplay the meaning of the results of the development program which have been achieved so far. He said: "We must not remain silent about this because it will have an influence on the votes cast for Golkar in the 1997 general elections. Therefore, I ask that all of us join in working, shoulder to shoulder, in an effort to overcome problems which we are still facing."

Suharto asked Golkar cadres to continue to maintain their vigilance against groups which are always trying to downplay the significance of the results of the development program.

The chairman of the Golkar Development Council also asked that Golkar members make an effort to attract the sympathy of the people. Suharto said: "Point out that we are only interested in their aspirations and interests." He added that the responsiveness of Golkar members in considering social problems emerging among the people needs to be improved. He said: "This is because if we do not anticipate these problems as soon as possible and do not take immediate steps to resolve them, I am afraid that we will lose the confidence of the people who support Golkar in the coming general elections."

Victory Is Essential

Meanwhile, Harmoko, the general chairman of the Central Executive Council of Golkar, in his opening speech at the meeting, said that there is no place for Golkar cadres who are lazy, indifferent, and "easy going" [preceding two words in English] in promoting the spirit of working to ensure a Golkar victory in the coming general elections. Harmoko declared: "This is because we are fully aware that the effort to ensure a Golkar victory in the 1997 general elections is an essential condition, not something to toy with, and which must not be a matter for further discussion."

According to Harmoko, Golkar cadres have an obligation to pay attention to social change and shifts in community values and standards, which could also have the result of becoming shifts and changes in the people's aspirations. The ability to appreciate shifts and changes in the people's aspirations will definitely determine the success of Golkar in forming political perceptions which favor it.

The general chairman of the Central Executive Council of Golkar said that he appreciated that the political awareness of the people also results in increasingly rational, qualitative demands and political attitudes. The people are increasingly prepared to discuss and express their interests. They are increasingly critical in evaluating which social force really fights for their aspirations and qualitative demands.

Harmoko said: "On the other hand, these qualitative aspirations and demands may be manipulated by a number of groups which fight for their own narrow and short-term interests." For that reason a number of negative issues and political rumors are emerging which at times are deceptive. According to Harmoko, these issues and rumors are not conducive to the development of the political awareness of the people. Harmoko hoped that if such negative issues are brought to the attention of Golkar, all members of the organization will display a firm, mature, and adult attitude in dealing with them.

Indonesia: Golkar Chairman: Discussion on Succession Unethnical

96SE0082B Jakarta SUARA PEMBARUAN in Indonesian 23 May 96

[Received via Internet]

[FBIS Translated Text] Jakarta, 23 May—Harmoko, general chairman of the Central Executive Council of Golkar [Functional Groups party], considers that it is very unethical to discuss who will be the next presidential candidate at a time when the president who was elected at the general assembly of the MPR [People's Consultative Assembly] in 1993 is still carrying out his duties.

Harmoko said this when he was questioned by reporters in Jakarta on 22 May after the opening of the Second National Working Conference of Golkar. He replied: "It is not ethnical to discuss the succession now because the people elected the president for five years. So we must support him."

This question was asked by a reporter in connection with a statement by President Suharto, who said that, in accordance with the laws in effect in Indonesia, the election of the president is fully in the hands of the MPR and not in the hands of the president in office.

On this occasion President Suharto also declared that the president never runs for reelection. Rather, he specifically tries to create conditions and a situation in which candidates and leaders of the people emerge, so that the MPR can make a choice as to who is most suitable to lead the nation.

The chief of state said that candidates and leaders of the nation can emerge from among those who have had experience in the government, those who have had experience in the legislative branch, and those who have had experience or have served in social and political forces and organizations or other bodies. (See SUARA PEMBARUAN of 22 May.)

A True Democrat

According to Harmoko, President Suharto's statement is a nuanced expression which emerged from the pure heart of a true democrat because, at this time, the president has turned over the election of the president fully to the supreme, sovereign body in the nation, the MPR.

The general chairman of the Central Executive Council of Golkar said that, at this time, Golkar, the social and political organization with the symbol of the banyan tree, must continue to respect the established mechanism for the election of the president. That is the General Assembly of the MPR after general elections are held.

Asked whether Golkar has identified a candidate whose name will be presented to the next General Assembly of the MPR, Harmoko said that Golkar is still considering candidates to be presented to win the next general elections.

He emphasized that, from the point of view of the Constitution and democracy, as well as in a political sense, the statement by the president is very proper, because every election of a president must be discussed by the factions in the MPR who have been chosen in the general elections.

Harmoko said: "The meaning of the Constitution of 1945 is that the president elected by the MPR can come from the legislative or executive branches of the government or from other social and political forces, provided that he is elected by the MPR. Therefore, do not speculate about things that have not happened."

Indonesia: Founder of New Political Party Interviewed

BK1206102396 Jakarta TEMPO in Indonesian 1 Jun 96

["Excerpts" of an interview with Sri Bintang Pamungkas, founder of the Indonesian United Democratic Party, by TEMPO correspondents Suwardi and Hani Pujiarti at his house in Jakarta; date not given; italicized passages in English—received via Internet]

[FBIS Translated Text] [TEMPO] You said during a news conference that your party, the PUDI [Indonesian United Democratic Party], would not participate in the upcoming general election. A party is defined as a group that participates in a general election. Can you clarify what you meant?

[Bintang] In fact, we have not officially used the acronym PUDI. We would like to remind the Indonesian Democratic Party [PDI] and the United Development Party [PPP] that general elections have been useless. No matter how they try to win a general election, and even if both the PDI and the PPP obtained 50 percent of the votes or 200 seats, they would certainly lose in the People's Consultative Assembly [MPR], because the Armed Forces of the Republic of Indonesia [ABRI], regional, and functional representatives are appointed to the assembly. It will be impossible for the two parties to win. A president elected by MPR members would certainly belong to or be close to the ruling group. The president will be one of the bureaucrats close to Mr. Suharto, if not Mr. Suharto himself. For 30 years they have not been courageous enough to field their respective presidential candidates. Thus, what is the meaning of this? The PDI and the PPP have even been hopeless. They have not done much and have become only ornaments of the House of Representatives [DPR] and the MPR, ostensibly projecting their existence. We intend to "remind" them that general elections have been useless.

[TEMPO] Saying that general elections have been useless amounts to urging the PDI and the PPP to boycott the upcoming general election, does it not?

[Bintang] Yes. Our government and president have frequently said that Indonesians are the most politically conscious people in the world because about 90 percent of them have a high degree of political consciousness. Nevertheless, they are unaware that they have intimidated citizens and civil servants. They forget that they have done this. Thanks to our efforts, I believe that the number of people voting in the upcoming general election will decrease. As we have said that our party will not participate in the general election, we ask them to boycott it.

In the next year, we will try to popularize our views so that we will have followers and sympathizers.

In fact, even if the doors were open for us to participate in the upcoming general election, we would not be willing to do so. We know what the *outcome* or result will be. We prefer to see the upcoming general election canceled.

[TEMPO] As you say that your party will boycott the upcoming general election, what is the difference between the party and the white group [group that is boycotting the general election]?

[Bintang] The white group is a moral movement. We, as a party, are more active. Our party is popularizing politics to remind the people of a possible change.

[TEMPO] Is there any possibility that the general election will be canceled?

[Bintang] The general election will be canceled if the PDI and the PPP are courageous enough to realize that they have a great responsibility toward the people. I cited this reason earlier. They will become courageous if they accept our advice.

[TEMPO] Do you think that it may happen, as only less than a year is left?

[Bintang] I must be prepared. If something really happens within two years, the people will be prepared and have a forum. They are certainly doubtful of the PDI and the PPP because the two have been unable to fight for the people.

[TEMPO] Will there be any possible uncertainty?

[Bintang] I think the current leadership is unable to find a successor to the current president. People feel that a competition is going on. Frankly speaking, there are groups representing Habibie, Try Sutrisno, Harmoko, [former Vice President] Sudharmono, Ginanjar, Edi Sudrajat, and [Army Chief of Staff] Hartono. All people know that they are waiting for the president to step down and will later step in.

We do not want the people to become further confused. Are the PDI and the PPP effective? They and the Golkar itself have never been independent. Who will *take over* the leadership? Perhaps, individuals will *take over* the leadership. We have the military. We do not want Indonesia to become a military state. Who must accommodate the people's aspirations? I consider this an open challenge. I think the government will keep silent if only mass organizations emerge.

[TEMPO] What kinds of Indonesian models do you want to instill on party followers and citizens?

[Bintang] Many. First, we are against absolutism. A person or a group of persons should not have absolute power. For example, if a president says something, all will follow, and what he says will become law. A president is an ordinary person who can make mistakes. Citizens have lost their self-confidence to the extent that they cannot make up their own minds. Intelligent ministers cannot do their best until they ask for the president's advice or even until they obtain answers from him. They have lost their creativity.

Our military plays politics, although their duties are to defend and protect the nation from foreign *intruders* who want to occupy the republic's territory. Such defense duties exist everywhere in the world.

Another important issue is totalitarianism. Not only the legislative branch, but the judicial branch as well, is controlled. Judges make decisions at the instruction of the executive branch. Parties are controlled. It was *surprising* that Megawati [late former President Sukarno's daughter] managed to become general chairwoman of the PDI. She has, however, been harassed by other PDI leaders close to the ruling elite.

The security apparatus mobilized 3,000 soldiers when the PPP held its congress, thus creating the impression that [outgoing PPP General Chairman] Ismail Hasan Metareum was supported by the government, and the Golkar was assured that the PPP would do nothing. Meanwhile, the government has put various mass organizations under an umbrella to ensure that they can be easily controlled. If necessary, all hooligans, intelligence agents, policemen, and soldiers will be used as tools to ensure government control. We oppose this.

Second, a change is politically impossible in the present situation. As a result, the people have become *hopeless* because they do not know when there will be a change. Will the upcoming general election change the situation? *Nothing*. Everybody is hopeless because a change will only be determined by the executive branch.

Third are economic problems. Citizens are no longer convinced of a physically and spiritually prosperous and peaceful life. Injustice and exploitation are everywhere. Our goods cannot compete with foreign goods. Our nation depends on foreign economies. Foreign goods have flooded us. We can *do nothing*. Who will repay our debts? Certainly, the next generations. Indeed, our sacrifices far outweigh what we have achieved now.

There are sociocultural problems. We see ignorance and poverty on the one side and violence, materialism, greed, and prodigality on the other side—not to mention corruption, nepotism, illegal levies, unfair business practices, and the use of narcotics. All this is the achievement of the new order government.

[TEMPO] In fact, many others have had similar views. So, what distinguishes your concept and party from the others? Can you guarantee that such things will not reoccur?

[Bintang] Yes. We will dismantle the system and its founders who use the Golkar as a vehicle. Their system has led to economic, political, cultural, and military decadence. What should be done since they win every time a general election is held? Well, just cancel their general elections!

We will create a house of representative through a proper general election. Rejecting their general elections will inspire us to formulate a better legal system so that democratic life, the *rule of law*, and human rights will proceed better.

[TEMPO] Have you issued the PUDI manifesto? What is the essence of the manifesto?

[Bintang] The manifesto contains the party's policy, which will be assessed in every congress. One of our goals will be *full autonomy*. We will remain a unitary nation, but Indonesia, which is so vast, cannot be centrally governed. I think that centralism could be the source of collapse. The Soviet Union or Russia collapsed because of centralism, but such small countries as East Germany and Yugoslavia also collapsed because of centralism. Thus, their collapse was not attributed to whether they are big or small but was rather caused by centralism. Can Indonesia govern Irian Jaya or the people of Aceh, who have been promised autonomy since independence? No.

Viewing the collapse of the Soviet Union or East European countries as examples, we want to be a unitary nation that gives full autonomy to the provinces. We see Malaysia, which is made up of states, as an example of a federation that has better economic development. I am afraid that centralism has affected not only the economy but also sociocultural values. People in provinces feel that they have been suppressed and are under pressure or are not free because what has been decided by the center is incompatible with the local situation. We see this as a major problem and must anticipate possible disunity.

[TEMPO] Do you think that the current three-party system is ineffective? Do you not think that only the way the system is implemented should be corrected?

[Bintang] I do not say that three parties are not enough, but efforts are under way to kill the PDI and the PPP. Citizens must pay for development with the loss of the right of assembly and ensure the Golkar as a big brother of the PDI and the PPP. Everything has been determined by the Golkar. The military have also used the Golkar as their vehicle. A group of bureaucrats consider themselves the most deserving. The PDI and the PPP are unable to serve as political channels. Our party has two goals:

First, we want to remind the PDI and the PPP to be courageous and to inject them with fresh blood to become true and *real* parties.

Second, if they become *real* parties and conduct reform, we will be willing to form a coalition with them. We will, however, be forced to maintain a distance from them if they are not willing or courageous enough to do so.

[TEMPO] Have you made personal or organizational contact with the two parties?

[Bintang] We have contacted and received a response from the PDI. We met immediately. Perhaps the meeting was very limited. We have not, however, received any response from the PPP.

[TEMPO] You held a PPP membership card when you were dismissed as an MP. What is your status now that you have founded your own party?

[Bintang] For ethical reasons, I informed the PPP in writing that the PUDI has made it impossible for me to have two membership cards. I will not say that I want to resign. It will be up to the PPP to decide. I will return my membership card to the PPP.

[TEMPO] Why did you announce the birth of the new party recently? Why not earlier or in the future?

[Bintang] In fact, the plan had existed for a long time. Julius Usman [former student activist] even said that the plan was afloat when the white group emerged in 1971. In fact, two things worked together. First, my intention emerged three years ago, but I could not simply announce the birth of the party because I still had to instill my ideas into the people. In 1993 and 1994, I was invited to meetings by college students and youths who happened to like me. They even expressed support for a change that would climax in the birth of a new party. Preparations were due last year, but the Dresden case befell me. Second, there was no reason, therefore, for me not to form a new party. When the president said that there was no opposition in Indonesia, we said that there was. A court verdict against me further encouraged me to challenge the government frontally. Had I been freed, I would probably have had no reason to challenge the government. All this proves to the world that the government is hostile toward me, and I have the right to be hostile to the government.

[TEMPO] So, had you been freed, would the party have not been formed?

[Bintang] People could have cynically said: Why do that now that you have been freed? Remember that our society under the new order government is feudal.

Thank God, I was given a jail term. I tried to ensure that the sentence would remain in the people's mind. Therefore, I said that the party had to be formed by the end of May.

[TEMPO] All the reasons that you have cited seem to be external. Do you not have your own aspirations?

[Bintang] I think as both a scholar and a politician. I have seen something wrong. We have gotten stuck everywhere. Thus, this is the way out. By so doing, we can prevent a revolution. There must be a channel to accommodate angry citizens, workers, or peasants and those who know no *way out*. In fact, there has been a response to the ideas that I have presented.

[TEMPO] What is the basis of the selection of members of the party's central executive committee?

[Bintang] We divide Indonesians who actively campaign for democracy into four groups. The first group is made up of senior politicians who are dissatisfied with the current situation. Among them are Brother Ali (Ali Sadikin) [former Jakarta governor], Manai Sophian, Mr. Mashuri [former information minister], Brother Buyung (Adnan Buyung Nasution) [human rights activist], and Permadi. The second group comprises junior politicians who have staged antigovernment protests since the new order government came to power. Julius Usman and Hariman Siregar [former student activists] belong to this group. The third group is made up of nongovernmental organizations, including the Legal Aid Agency and the Indonesian Environment Group. The fourth group includes youths and college students who like staging pro-democracy demonstrations. They are scattered nationwide. We invited them into our party.

None of the four groups rejected our party, because we gave clear answers to their questions. Our efforts were not in vain because we were hopeful. We have become more confident of the truth. Thus, we recruited members of the groups into the party's central executive committee. Mr. Badio, Princen [human rights activist], and Sanusi represent the first group. Julius Usman, Jus Suma Di Praja, and Mangadang represent the second group. Saur Sirait and Jimmy Alfons from the Trikora Youth Movement represent the third group, while the fourth group is represented by some college students.

[TEMPO] What about the party's funds?

[Bintang] Members will contribute as much as they can to the party. Our funds will be gradually collected because our party is new.

[TEMPO] Will you seek legitimacy from the government?

[Bintang] We do not need legitimacy from the government. We will hold a congress and go ahead with our plans after the party's constitution and bylaws are enacted. We will be ready if Mr. Suharto bans it because we are indeed working outside the system.

Indonesia: Bimantara To Manufacture Two Types of Cars

96SE0085A Jakarta KOMPAS in Indonesian 31 May 96

[Received via Internet]

[FBIS Translated Text]

"Bimantara Receives Permission for the Cakra and Nenggala Automobiles. To be Launched in July 1996"]

Even though the government has appointed PT [Inc] Bimantara Putra Nasional (TPN) to develop a national automobile using the trademark Timor, PT Bimantara Citra (PT BC), through its PT Bimantara Cakra Nusa (PT BCN) automotive unit, will also take similar steps. Beginning in July 1996, PT BCN will launch the Bimantara Cakra (1,500 cc) and the Bimantara Neggala (1,600 cc) automobiles.

"The government granted the trademark license and type and the use of the automobile logo Bimantara through MENPERINDAG [Minister of Industry] Tunky Ariwibowo on Thursday (30 May). "If the government grants the same facilities as for the Timor automobile, the Bimantara can sell for 30 million rupiahs," said Bambang Trihatomodjo, president director of PT BC, at a news conference held after PT BC's General Shareholders' Meeting (RUPS) in Jakarta on Thursday.

The facilities mentioned in Inpres [Presidential Instruction] No 2/1996 which the government has already granted to PT TPN are an exemption from the luxury tax (PPnBM) and an exemption from the import tax on imported components not yet manufactured in Indonesia. Bambang said that if government facilities for the development of a national automobile were granted to only one company, other companies would be killed off.

Will Not Precede the Timor

Bambang said that his group has submitted a proposal to the government to obtain the same facilities as PT TPN. If the government does not grant these facilities, PT BC will continue to develop a national automobile as one step in anticipation of the era of free trade, especially before AFTA (ASEAN free trade zone) goes into effect in 2003.

The choice of July 1996 to launch the Bimantara automobiles, said Bambang, is not intended to precede PT TPN, which will launch the Timor in September 1996. "We have been preparing for this for a long time, since PT BCN began to market the Hyundai in July 1995," Bambang emphasized.

Bambang went on to say that the Hyundai Motor Corporation has no objections to the Indonesian Hyundai changing its trademark to the Bimantara automobile since as of now 17 percent of the Hyundai's components are local components. In order to expand the use of local components the volume of sales must be increased.

In this connection, said president director of PT BCN Yongkie D. Sugiarto, PT BCN will build a full manufacturing plant for motor vehicles in Purwakarta Regency (West Java) in cooperation with the Hyundai Motor Corporation. Total investment in this joint venture will be $700 million and it is expected that the total value of the investment can be realized within three to five years.

Yongkie Sugiarto cannot yet determine what the price of the Bimantara Cakra and the Bimantara Neggala will be when sold to the public. "We're still calculating it now," said Yongkie. However, Bambang Trihatmodjo promised that "if we obtain the facilities from the government, the Bimantara can be sold for less than the Timor".

Indonesian Religion Ministry's Views on Darul Arqam Noted

96SE0085B Jakarta MEDIA INDONESIA in Indonesian 31 May 96

[Received via Internet]

[FBIS Translated Text]

[Be Wary of Darul Arqam Political Statements]

The Department of Religion (DEPAG) has asked the Islamic community to be wary of Darul Islam political statements in support of Mr Suharto's nomination for the upcoming term of office because the Attorney General has banned that organization and its activities.

A DEPAG press release received by MEDIA yesterday stated that Darul Arqam's activities could foster internal conflicts within the Islamic community, disturb peace and order, and cause social disturbances and unrest.

"Darul Arqam is not recognized in our country," said Muchtar Zarkasih, a DEPAG spokesman.

DEPAG considers that statements made by Darul Arqam are irrelevant and the department is asking government agencies to take preventive and repressive steps to enforce the Attorney General's decision to ban Darul Arqam activities in Indonesia.

While DEPAG was advising the Islamic community to be wary of Darul Arqam activities, the Jamaah Darul Arqam visited DPR [Parliament] Commission IX (religion and education) yesterday to deliver a statement on their position supporting and nominating Mr. Suharto for president.

Led by Al Arqam All-Indonesia Coordinator Dr Ing [Engineer] H Abdurrahman Riesdam E, scores of members of the Jamaah [Association] Al Arqam were received by Sukowaluyo Mintorahardjo (FPDI [Democracy Party Faction]), deputy chairman of the DPR's Commission IX, by Mohammad Affandi (FABRI [Armed Forces Faction]) and by several other members of the commission.

Even though Mr. Suharto has stated that he will be 77 years old in 1998, statements of support continue to flood in. Achmad Taher, chairman of the Republic of Indonesia Veteran's League (LVRI), said that his group has consistently nominated Mr. Suharto for president for the 1998-2003 term of office. "It has never occurred to us to withdraw support for his nomination," he emphasized in Jakarta yesterday.

Meanwhile, Soerjadi, deputy chairman of the DPR/MPR [People's Consultative Council] said that the gist of President Suharto's statement had actually been delivered in the 1980's. "At that time he referred to himself as TOPP (old, toothless, broken-down, and senile). I think that in essence it's the same as what he said in Semarang," he said.

While some politicians hope that the upcoming MPR will be wise enough to accommodate the aspirations of the majority of the population who on the one hand still want President Suharto to be reelected and Mr. Suharto's statement, which must be taken into consideration, that he will be 77 years old in 1988.

These are the conclusions of the conversation with Nico Daryanto, chairman of the MPR's FPDI; Moestahid Astari, chairman of the DPR's FKP [Functional Development Faction]; Hamzah Haz, chairman of the DPR's FPP [United Development Party]; and Suparman Achmad, chairman of the DPR's FABRI.

Laos

Laos: Foreign Minister Returns From Malaysia Visit

BK1106104396 Vientiane KPL in English 0923 GMT 11 Jun 96

[FBIS Transcribed Text] Vientiane, June 11 (KPL) — Foreign Minister Somsavat Lengsavat arrived home on

June 8, ending his visit to Malaysia where the first session of the Cooperation Committees between Laos and Malaysia took place.

At the session, the commissions in charge of the cooperation between the two countries were established: the Laos-Malaysia Cooperation Committee is led by Foreign Minister Somsavat Lengsavat and the Malaysia-Laos Cooperation Committee is headed by Foreign Minister Datuk Abdullah Ahmad Badawi.

The session discussed fundamental issues for bilateral cooperation, especially in economic, cultural, and scientific fields. The sides affirmed that an agreement on trade and tourism cooperation would be signed in the future.

The session positively assessed the bilateral relations and cooperation between the two countries. It especially made an appreciative note on increasing volume of Malaysian investment in Laos.

In the field of human resource development, Malaysia agreed to help train Lao personnel in various sectors which was particularly important for Laos' future membership of ASEAN. Malaysia has agreed in principle to continue giving scholarship in higher education in various scholastic disciplines.

The sides additionally decided that Malaysia Airlines would establish a direct Kuala Lumpur-Vientiane air route as from July 1 this year.

While in Malaysia, Lao Foreign Minister Somsavat Lengsavat also paid a courtesy visit to Malaysian Prime Minister Datuk Seri Mahathir bin Mohamed.

On his way home, the Lao foreign minister participated in the official opening of the Lao consulate at Khon Kaen, Thailand on June 7. On this occasion, Lengsavat also met with Thai Deputy Prime Minister and Minister of Foreign Affairs Amnuai Wirawan.

Thailand

Thailand: Compromise To Resolve Satellite Dispute With China

BK0906110896 Bangkok THE SUNDAY NATION in English 9 Jun 96 pp A1, A2

[Unattributed Report]

[FBIS Transcribed Text] Thailand and China have reached a compromise agreement on a two-year dispute over satellite orbiting positions, said Setthaphon Khusiphithak, chief negotiator for the Thai delegation.

Previous meetings between top officials from both countries have been attributed to the unexpected success, he said.

Under the agreement, China will launch Apstar-1 A into a slot at 121 degrees east as planned. But after one year, it will move the satellite to a new position to avoid interfering with a Thai satellite, said Setthaphon, who is also deputy director general of the Post and Telegraph Department.

The agreement allows Thailand to position its satellite at 120 degrees east as planned. Technically, the two satellites must be placed at least two degrees apart to avoid transmission interference.

According to Setthaphon, Chinnawat Satellite Plc will move its orbiting Thaicom-1 to the new position. Thaicom-1's current slot at 78.5 degrees will be filled by Thaicom-3, which is due to be launched at the end of this year. As a result, Thaicom-3 and Thaicom-2 (already launched) will occupy the same position.

"Customers of Thaicom-1 will be switched to Thaicom-3 without any negative effect. In fact, they will have more capacity because Thaicom-3 is bigger than Thaicom-1," he said.

Apstar-1 A may be moved to 122 degrees, a slot currently controlled by Hong Kong. The Chinese delegation said getting access to the position should not be a problem because Hong Kong will come under Chinese control in 1997.

There are two other options for Apstar-1 A, he said. Either it could be moved to the 125 degree slot or Thailand could hand over ownership of the 123 degree slot. "It depends on the situation," he said.

A telecom analyst warned that Chinnawat Satellite must reassure customers that they will not experience any problems because of the deal. "The new options that Apstar-1 A will use is less attractive in terms of market coverage. In principal, the satellite that is launched first has an advantage," said an analyst from a French brokerage house.

Setthaphon added that a four-day meeting in Beijing last week helped to resolve another dispute. The operator of Apstar, APT Satellite Co, agreed to adjust the position of satellite Apstar-2 R from 77 degrees to 76.5. The Apstar-2 R is scheduled for launch in early 1997.

As a result, Thaicom-1 and Thaicom-2, now in orbit, will not be subject to transmission interference, he said. "We have solved two problems at the same time."

Negotiations for the orbital slots began after Prime Minister Banhan Sinlapa-acha's visit to China and China's Deputy Minister Zhu Rongji's reciprocal visit to Thailand.

Setthaphon said Thai and Chinese delegates have signed a memorandum of understanding and expect an official accord after a few technical matters are cleared up.

"Chinnawat Satellite president Damrong Kasemset is looking after the technical side with APT.

"Apstar agreed not to make any more moves until the talks are completed and an accord is reached," Setthaphon said.

Wanlop Wimonwanit, whose company Telecom Holding controls a 14.3 per cent stake in APT satellite, said resolution of the dispute had allowed Apstar to go ahead with its launch without a negative affect on any party.

Thailand: Bill To Establish 'Special Copyright Courts' on Track

BK1006083996 Bangkok THE NATION in English 10 Jun 96 p B3

[From "Regional Music Business" by Gary Van Zuylen]

[FBIS Transcribed Excerpt] Piracy has shot back up in Thailand to its former high levels, with the international repertoire taking the hardest hit. The reason — a personality conflict between the five local major recording companies and the International Federation of Phonogram Industries (IFPI).

For 10 years now, IFPI has been fighting the piracy war with respected lawyer Thianchai Pinwiset as its front man in Bangkok. Thianchai has braved years of personal threats to his well-being and even a close call with a group of gangsters that left an associate hurt. Thianchai did not get very far until 1994, when the Copyright Law was tabled. He singles out Gen Chawalit Yongchaiyut as being the one most helpful in pushing the bill through the Senate.

Almost unbelievably, music piracy dropped from somewhere near 90 per cent to under 20 per cent in the space of two years.

While Thianchai deserves considerable credit, he was ably assisted by a solid Intellectual Property Department, a willing Economic Crime Suppression police unit and a budget that enabled a dozen investigators to hunt down pirates in order to gain sufficient evidence for a prosecution.

For police to act, a complaint by the affected party must first be registered and IFPI has the power of attorney from the major international music labels.

Funding for the local IFPI unit has traditionally come from the major labels present in Thailand: EMI, PolyGram, Warner, BMG and Sony. These five contribute 70 per cent of the required budget.

But during last November, the funding was cut after Sony Music (Thailand) managing director Peter Gan pushed for a change. Gan decided that he would make a better piracy enforcement officer ably assisted by a local law firm. And while his colleagues saw the dispute potentially turning ugly, they took a back seat and did not vote with Thianchai and IFPI.

Gan is not a popular figure in the regional music business. He is aggressive in a passive environment. However, Gan's standing has seen a boost after two local Sony artists, Bung Nakkharin and Ai, have to a certain extent blazed a new trail in the Thai repertoire.

Disillusioned after years of largely unrewarded effort and fuming that an abrasive personal attack should bring the system tumbling down, Thianchai was left in a no-win position. Gan and his associates wanted to have Thianchai confine himself to the collection of public performance royalties, another impossibly difficult yet minor task.

So Thianchai quit IFPI, but the Hong Kong regional office is still trying to sort out the mess. With no enforcement, stallholders in MBK, Siam Square, Khaosan Road and Phatphong are now actively promoting pleated products for Bt[Thai baht] 40 per tape. Last year, the same stallholders were just as actively promoting sales of legitimate tapes at Bt90.

With the aim of better educating judges expecting to sit in the new Intellectual Property Court planned for early 1997, a delegation of 10 visited the United States last month. Included in the party was a senior official from the Intellectual Property Department. The judges toured the offices of major entertainment houses and saw first-hand the operation of the US court system. The bill to enact special copyright courts in Thailand appears to be sailing quite smoothly through parliament and its third reading is expected by year-end. [passage omitted]

Thailand: Former Minister 'Leading Candidate' for WTO Envoy

BK1006053696 Bangkok BANGKOK POST in English 10 Jun 96 p 20

[Report by Nutsara Sawatsawang and Peter Maitri Ungphakon]

[FBIS Transcribed Text] Former finance minister Surakiat Sathianthai is the leading candidate to be Thailand's next ambassador to the World Trade Organisation in Geneva, according to a highly-placed source.

The position is likely to become vacant soon because of the illness of the present ambassador, Danai Tunlalampha. Mr Danai has received treatment for cancer and recently went to the United States for an operation on his tongue.

The source, who asked not to be identified, said other candidates were also being considered.

Business Economics Department director-general Kroekkrai Chiraphaet, Insurance Department director-general Karun Kittisathaphon, and Oranut Osathanon, a senior official in the Prime Minister's Office have all declined, the source said.

An alternative would be to promote Aphiradi Tantrathon, one of Mr Danai's deputies in Geneva. The source said that countries did not normally promote a deputy into full ambassador because to do so would convey the impression that the government was downgrading the post.

Prime Minister Banhan Sinlapa-acha put the offer to Dr Surakiat when he asked the former minister to resign last month. Dr Surakiat has been considering whether to accept and has not yet replied, the source said.

Dr Surakiat is an expert in international trade. He wrote his doctoral thesis at Harvard University on the General Agreement on Tariffs and Trade.

Both Mr Kroekkrai and Mr Karun are veteran trade negotiators. They are the only two officials to have seen the Uruguay Round of world trade talks through from the beginning in 1986 to the end in 1994.

Mr Karun served as head of the Thai mission to GATT in Geneva before the GATT secretariat was replaced by the World Trade Organisation. Mr Kroekkrai is the chief negotiating strategist at the Commerce Ministry.

Mrs Oranut, a former Foreign Trade Department director-general, also has lengthy experience in negotiations, particularly in textiles.

Mrs Aphiradi is minister and deputy chief of Thailand's mission to the WTO in Geneva. This is her second posting in Geneva, and she too has years of negotiating experience although she is more junior than the other three officials.

The mission, originally dealing only with Commerce Ministry affairs, was upgraded and given an ambassador as its head when the WTO was set up last year. The upgrading created a division of labour that many other countries have operated for years. The Foreign Ministry's ambassador now concentrates on the United Nations and other international organisations based in the Swiss city.

Among developing countries, Thailand now has one of the largest WTO missions. Dr Suphachai Phanitchaphak, at that time deputy prime minister in charge of international economic relations, pushed for the mission to be staffed by officials from several different ministries to improve coordination and negotiating strategy.

The WTO covers an everwidening range of subjects, from agriculture and textiles, to banking, telecommunications, investment and intellectual property.

Thailand: 'Grimfaced' Thaksin Says He May Quit Politics

BK0806140096 Bangkok BANGKOK POST in English 8 Jun 96 p 1

[Unattributed report]

[FBIS Transcribed Text] His voice quivering, a grimfaced Thaksin Chinnawat hinted to members of his Phalang Tham Party yesterday that he might wash his hands of politics.

"I must admit I'm not sure how long I can stay in politics," Mr Thaksin told them at a lunch meeting yesterday.

"Thai politics is a destructive process," he said, but the party would not sacrifice its ideals. "I'd rather we closed ourselves down than be forced to change our political stance."

The party would undergo an internal evaluation before the terms of the present party executives expire next month, to judge how it had performed and to map out its future direction.

"We need to reorganise so that our next step will be firm and effective," Mr Thaksin said .

He said there might be a major change next month involving the structure and approaches of the party.

He urged members, including district and city councillors, to cooperate with the new governor. "The contest is over. We must now work together for the country." Phalang Tham would have to adopt systematic methods of party funding to ensure that members were not involved in corrupt practices once appointed to government positions.

He said contributions to the party had fallen off since he became leader, apparently suggesting that party members had relied on his wealth.

He denied deliberately letting Chamlong Simuang be defeated for governor, as some members have alleged. He had been asked by some members to fork out money to buy votes but he refused. Money might buy 100,000 votes, "but if we work harder for the people, it will produce even more votes."

Secretary-General Sudarat Keyuraphan called on party members to work harder, saying the half a million votes the party got should be considered moral support for it to carry on with its work for the people.

Maj-Gen Chamlong told members not to worry about him since he still had a number of things to do, including running his Thao Thun company and non-profit foundations, and being a disc jockey on the radio.

Thailand: Daily Wants House Dissolution To Solve Political Problems

BK0706170796 Bangkok KRUNGTHEP THURAKIT in Thai 7 Jun 96 p 2

[Editorial: "A Disgraceful Political Roadshow — Don't Insist on Reshuffling the Cabinet; Dissolve the House"]

[FBIS Translated Text] Thai politics has turned from being an act of state administration to a trivial roadshow. The censure debate initiated by the Opposition on 8-10 May exposed all defects of Banhan Sinlapa-acha's government. It was followed by political farces put on, first, by five members of Group 16 [a faction in the Chat Thai Party] who resigned from the cabinet, and then by five other cabinet ministers of the Phalang Tham Party who resigned a day later. The two groups said they felt that they had political responsibility to give the prime minister freedom to conduct a cabinet reshuffle. In fact, it was only a farce meant to deceive the public and to force the prime minister to reshuffle the cabinet the way they wanted.

The Prachakon Thai Party lost patience and threatened to pull out of the government later — a bargaining tactic already used by Group 16 and the Phalang Tham Party. However, there is a difference in Group 16 and Phalang Tham's using this tactic — Group 16 wanted to prove to Banhan that the government would not survive without it, whereas Phalang Tham wanted to raise its popularity prior to the election of the Bangkok governor. Prachakon Thai's reaction to what happened is like the reaction of a baby being denied goodies or toys — the party accused Banhan of playing politics in favor of the Phalang Tham Party which has five MP's more than the number of MP's Prachakon Thai Party has.

We pity those three groups with their farces to deceive the public. Prime Minister Banhan himself lost his legitimacy as administrative leader because he failed to bring progress to the country. Over the past 11 months in office, he has carried out three cabinet reshuffles, and each reshuffle did not respond to the people's hope of seeing an efficient administration. All this came from the fact that the alliance of seven parties which formed the government, with the Chat Thai Party in the core, was not based on national interests, but on an exchange of interests in terms of national administration. This is why a cabinet reshuffle is needed each time there is a conflict of interests among various groups or parties.

In this connection, we appeal to the prime minister not to resort to a cabinet reshuffle to solve the current problem. The more cabinet reshuffles, the more people will get bored and lose confidence in the government since political parties will only try to come up with new tricks to boost their bargaining powers. Although he may be endowed with the highest administrative power, the prime minister, under such circumstances, will not be able to find qualified and efficient persons for each cabinet reshuffle. And again, although there was a proposal that all cabinet ministers resign to pave the way for the prime minister to reshuffle his cabinet, it is believed that the new team would not be any better, and could be even worse.

We do not see any better solution than what we have already proposed — the prime minister should dissolve the parliament and allow the people chose their representatives once again. Another cabinet reshuffle would be a waste of time; and there is no need to wait until the end of the celebration of the 50th anniversary of the king's accession in order to take action. A delay would greatly affect the national economy. The prime minister should take action by dissolving the parliament and giving the people the mandate of a general election.

Thailand: Columnist Discusses Amnuai's Role as Foreign Minister

BK0806125896 Bangkok THE NATION in English 8 Jun 96 p A4

["Think Thai" column by Kawi Chongkitthawon: "Foreign Affairs Cannot Be Sidelined"]

[FBIS Transcribed Text] Stop-gap Foreign Minister Amnuai Wirawan had two key messages for his staff on his first day at work on Tuesday: they had to be "creative" and Thailand needed a "proactive" foreign policy.

I was wondering if he really meant it. After holding the Foreign Ministry hostage for the past ten months, he now wants to be a liberator. In fact, Amnuai was solely to be blamed for his failure to solve the in-fighting within his Nam Thai Party. This in turn affected greatly the performance and credibility of his predecessor M.R. [Mom Ratchawong — royal title] Kasemsamoson Kasemsi, so much so that he wanted to quit his job several times in a day.

Now Amnuai is in the same shoes as Kasemsamoson's. What can he do now? Can he really concentrate on foreign affairs as another bigger reshuffle is looming large in the next couple of weeks? Or was he just paying lip service?

In the past, the Foreign Ministry was a harbinger of changes and brinkmanship. It used to be the only key government organization able to initiate and implement foreign policy. That role was somewhat overshadowed when the National Security Council (NSC) was established by the Sarit [Field Marshal Sarit Thanarat] administration in 1959 as part of the anti-communist strategy.

In the past 37 years, the NSC has been competing head-on with the Saranrom Palace [Foreign Ministry] on policies and issues, especially those related to neighbouring countries. They seldom saw things through the same lens. During the Cold War security was the main concern of Thailand and the policy decision-makers were dominated by the military. And in most decisions, the NSC prevailed over the Foreign Ministry.

With their charisma and good connections, both former prime ministers Khukrit Pramot and General Prem Tinsulanon were able to utilise and keep the NSC in line. Thailand, under those two leaders at that time, could implement foreign policy objectives without domestic obstacles.

By law, the NSC is supposed to help the government draw up plans in order to deal with security matters. But in reality, the NSC has become the rival of Saranrom Palace in implementing foreign policies. In the past seven years, with eight foreign ministers going in and out, the NSC has benefited from Saranrom's everchanging situation and weakness.

When the NSC was under a civilian leader, Suwit Suthanukun, the agency was not as adventurous as it is today. The modest Suwit, though popular among neighbouring countries, was not well received by the security apparatus. Subsequently, a general came and took over his position.

In the post-Cold War era, Thailand's security interests is not solely hinged to territorial protection. It has to encompass all other dimensions — economic, political, strategic, education and cultural. And this has to be reflected in Thailand's dealings with neighbouring countries.

The common practice of compartmentalising perspectives, no matter how antagonistic they might seem, needs to be ended. Outsiders have been able to exploit these shortcomings and apply a "carrot and stick" strategy with various parties.

As never before, the country urgently needs a well-coordinated policy that takes into consideration the above multi-faceted factors.

At present given the complexity of issues, various government agencies such as the Interior, Commerce, Labour and Social Welfare, Finance and Defence Ministries have been performing their autonomous roles. Therefore, it is very crucial that the Foreign Ministry be put in its proper place as the main coordinator of all concerned parties.

By nature and design, Saranrom Palace is better equipped to carry out this policy objective than anybody else. It is nonpartisan and forward-looking and most of all it has what others do not have — diplomatic skills.

When Banhan Sinlapa-acha became prime minister last year, he pledged to elevate the Foreign Ministry to a higher plane, from the so-called Level C to Level A to commensurate the growing economic and international status of Thailand. Unfortunately, Banhan has not done anything concrete yet. The prime minister is still very happy with the publicity he received during the past two summits hosted by Thailand.

At the moment, the Banhan government needs to focus on three aspects related to the Foreign Ministry. First, the government must give priority to foreign affairs — mere rhetoric is not enough. Second, the Foreign Ministry must be trusted to protect national interests regardless of who is foreign minister or how many ministers head the ministry within a span of a year.

As it is, the way things operate at the Foreign Ministry can be likened to a bus running without a driver. The minister must be in the driver's seat if Thailand is to achieve its objectives.

Third, the Saranrom bureaucrats must be accorded respect because they are professionals. Prime Minister Banhan must realise that if anyone wants to lead the Foreign Ministry, he or she has to be a respectable enough to command the loyalty of the 1,400-strong staff in Saranrom Palace.

One of the best-known Thai personalities is now in charge of foreign affairs. The big question is will he be able to deliver?

Thailand: Prime Minister Downplays Withdrawal of Coalition Partner

BK1006144296 Bangkok Radio Thailand Network in Thai 1200 GMT 10 Jun 96

[FBIS Translated Text] Prime Minister Banhan Sinlapa-acha said to newsmen in his home province today that the reception he received from the people participating in the celebration of the king's golden jubilee yesterday has lifted his morale. He asked people to be patient over the withdrawal of the Prachakon Thai Party from the coalition government. He said the government still has 214 votes in parliament and will be able to continue administering the country. It will also be easier for the government to control its votes in parliament.

Even though the Prachakon Thai Party will withdraw from the government, it will continue to cooperate with the government in another capacity. Asked if the Prachakon Thai Party will support the government if the opposition calls a no confidence debate again during the next parliament session, the prime minister said it depends on how well the government handles the debate. There should be no problem if the government responds to the debate satisfactorily.

Thailand: Chat Phatthana Considering Coalition Economic Posts

BK1106085596 Bangkok THAILAND TIMES in English 11 Jun 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Bangkok: The opposition Chat Phatthana Party [CPP] said yesterday it will only consider entering a Chat- Thai led government coalition if it is given control of economics- related and foreign affairs ministries in a major Cabinet shake-up due soon, according to a source close to CPP leader Chatchai Chunhawan.

Key members of the ruling Chat Thai Party [CTP] met with senior CPP officials including a party advisor at Chatchai's Ratchakhu residence yesterday, the source said. Chatchai was reportedly not at the meeting.

The talks followed a meeting between Chatchai and CTP advisor Sombun Rahong last week, which opened a dialogue on the CPP possibly joining the coalition when Samak Sunthorawet's Prachakon Thai Party [PTP] pulls out on June 15.

The source said both sides were cooperating well, but that further discussions were needed. He added that the results of yesterday's meeting would be relayed directly to Chatchai and CTP leader Prime Minister Banhan Sinlapa-acha.

Although no specific date was set, the source said the reshuffle would happen after the Golden Jubilee celebrations and the PTP's official withdrawal.

The source said Banhan had already indicated he was happy with the CPP's stipulation that he must resign and form a new government.

He added that it was likely the CPP would join a new CTP-led government since the two parties were like brothers, despite the fact that they had been separated for so long. Chatchai was Chat Thai leader throughout his late 1980s premiership, and only formed the CPP when Banhan was chosen to replace him as party leader.

The source added that Banhan had great respect for Chatchai and that Chatchai himself did not want to see a House dissolution. He said Banhan was also treating a dissolution as a last resort as he badly wanted to remain in office so his administration could leave behind some concrete achievements.

Speaking to reporters yesterday, Gen. Chatchai said he could not approve joining the government until a new coalition was formed.

"The present administration's economic and foreign policies are not up to scratch and will have to be discussed," he said.

CPP secretary-general Suwat Liptaphanlop, who also was not at the meeting, yesterday called on Banhan to carry out a major Cabinet reshuffle to ensure the stability of the government and the economy. He added that the uncertain political situation was having a negative effect on domestic investment.

"New Cabinet changes must be made quickly, regardless of what they are, for the sake of the stability and unity of the government," said Suwat.

Deputy CPP secretary-general Prawat Uttamot refused to comment on whether his party might join a new Banhan government, saying the matter had not yet been discussed in a party meeting. He added that the CPP always made the headlines whenever there were political upheavals.

Meanwhile, Montri Danphaibun, a key member of the New Aspiration Party [NAP], said the political situation is not yet ripe for forming a new government.

Montri, the deputy commerce minister, said Banhan should not reshuffle the Cabinet, which was only shuffled at the end of last month, if the 214 House seats the government will be left with after the PTP's withdrawal proved adequate.

He said it was unnecessary to bring in any opposition parties as there was nothing to worry about in the current political situation.

NAP leader Chawalit Yongchaiyut has repeatedly voiced his opposition to the inclusion of the CPP on the grounds that deals between the coalition partners were made before last year's general election and so it was impossible to bring in a new party now.

PTP spokeswoman Prawina Hongsakun said whether her party rejoined the government or not would depend on Banhan and what changes he made.

Thailand: Chat Phatthana's 'Possibility' of Joining Coalition Noted

BK1106074896 Bangkok THE NATION in English 11 Jun 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Chat Phatthana Party secretary-general Suwat Liptaphanlop said yesterday his party has not yet been approached to become part of the Chat Thai-led coalition, but he did not rule out the possibility of joining.

"If Chat Phatthana is to become a government partner, we'll have to consider first what good we will be able to do for the country," Suwat said.

Suwat said he expects Prime Minister Banhan Sinlapa-acha will make some moves to strengthen his coalition government before the opening of the year's second parliamentary session on July 10.

If Banhan does not make some safeguarding moves, his coalition's stability is seen as shaky after the pull-out of the 18-MP Prachakon Thai Party, which will reduce the number of government MPs to 214.

Banhan has also reportedly lost control of the Thoet Thai faction inside the Chat Thai following the Cabinet reshuffle on May 28, which saw some leading members of the group removed from the Cabinet. Without the support of the group, which has nearly 30 MPs, the coalition would not hold a majority of 197 seats and thus be defeated in the House.

Suwat said a lot of problems were facing for the government in the next session including a no-confidence debate by the opposition and the deliberation of the budget bill in its final readings.

"Banhan will have to smooth out everything before the opening of the new parliamentary session or else the government will be in trouble," Suwat said, who made the statement after a source very close to Banhan was reported as saying that the Chat Phatthana will be included in a new Chat Thai-led coalition.

The source said Banhan will resign as prime minister but not before he got a commitment from the Chat Phatthana, New Aspiration, Nam Thai and Prachakon Thai parties they would support a new Chat Thai-led coalition. Such a coalition would have command of 238 MPs.

The source said the new government would not include the Phalang Tham Party, which was seen the cause of the conflicts which prompted Prachakon Thai to pull out on June 15 and that Banhan would resort to dissolving the House if he failed to get a committed support from the four other parties to form the new coalition.

Meanwhile, the opposition Solidarity and Seritham parties yesterday said they would not join a Chat Thai-led coalition.

Thailand: Amnuai Promotes Foreign Ministry's Economic Role

BK0906144396 Bangkok THE SUNDAY NATION in English 9 Jun 96 p A2

[Report by Rita Patiyasewi]

[FBIS Transcribed Text] Deputy Prime Minister Amnuai Wirawan began his first week as foreign minister with a call for a pro-active foreign policy and the introduction of a number of projects to help the ministry meet international challenges.

On his first day in office last Monday, Amnuai, who took the post following the resignation of Kasemsamoson Kasemsi, called for officials to be more active in presenting ideas.

He pledged quick implementation of these ideas in order to avoid bureaucratic red tape.

Among Amnuai's projects is a course of regular lectures — to be called the "Saranrom [Foreign Ministry] Lecture Series" — to provide the public and government officials with the most up-to-date economic information, according to Kopsak Chutikun, director general of the ministry's Department of Economic Affairs.

Kopsak said the first lecture, due to be held on July 31, would feature a representative of the New York Stock Exchange speaking on the bonds and futures markets.

A representative of the Chicago Commodities Exchange will lead the second lecture, on Aug 28, which will cover the commodities market. The third lecture, to be held on Sept 25, will focus on pension funds and information technology. Thai experts in various fields who are resident abroad will also be invited to lecture, he added.

Each lecture will be free, and open to an audience of 500 to 600.

Like his predecessors, Amnuai has called for weekly meetings with ministry officials and encourages them to make recommendations and proposals. He reassured them of his full support.

The economic-oriented minister also stressed the importance of human resources and the ministry's need for more economic specialists.

"The economic factor has become an important dimension in foreign policy but there is still a lack of personnel in the field.

"One-third of this year's 30 new recruits will be in the economic field," Kopsak quoted Amnuai as saying.

Amnuai said there was also a need for career planning among officials to enable continuity of performance.

In August, the Foreign Ministry will organise a two-week seminar for its economic officials posted at various embassies and consulates worldwide.

The comprehensive programme is aimed at educating and updating the officials' knowledge of their duties and the nature of the country's economy — its requirements, strengths and weaknesses.

They will receive practical knowledge and information pertaining to important export commodities.

Amnuai said the Foreign Ministry would ask its 106 honorary consuls, who are leading personalities in their respective countries, to act as catalysts in the promotion of Thailand.

For the first time in over a century, the ministry will invite all its honorary consuls to Bangkok later this year to inform them of the new policy.

They will be asked to perform extra duties and be reassured of the ministry's support in their efforts to organise trade fairs, exhibitions and promotions.

Kopsak said that a new division — an external business coordination bureau — would be set up under his department to oversee Thai investment abroad.

"The new division will provide data and information on investment opportunities for parties interested in conducting business abroad. It will deal with the problems Thai investors face, and besides trying to solve them, will closely monitor any new trends," he said.

Kopsak said Amnuai stressed the need for Thailand to have a "collective position" to keep up with rapid changes in world economy. The minister hoped to establish a kind of supreme coordinating bureau — a "Thai trade representative" — under the Prime Minister's Office.

Problems with coordination and cohesion in Thailand's international economic negotiations were due to delegation of different responsibilities to a variety of state apparatus, therefore the nation needs a new agency with full responsibility for this area, Kopsak quoted Amnuai as saying.

The foreign minister discussed four existing models on which the agency could be based: Britain's combined foreign and trade ministry; Japan's Ministry of International Trade and Industry; Indonesia's Super Minister, or coordinating minister; and the United States Trade Representative [USTR].

Amnuai said he favoured the USTR set-up, as it is a separate agency and would be more flexible and prompt in its response to the overlapping ministries' duties.

Amnuai also said Thailand must clearly determine its trade policies, interests, and objectives.

He has called for a meeting of the Asia Pacific Economic Cooperation [APEC] national committee early next month, to be attended by the ministers of commerce, finance and industry and other related agencies.

"As APEC has diversified to incorporate various sectors as it moves closer towards 2020, the year of free and open trade in the Asia-Pacific region, there is a need for Thailand to coordinate internally and identify policies, interests and objectives to propel the country into the future," Kopsak quoted Amnuai as saying.

Thailand: Minister Says No Plan To Replace Central Bank Governor

BK1006140496 Bangkok BAN MUANG in Thai 10 Jun 96 p 7

[Unattributed report]

[FBIS Translated Text] The finance minister remains confident in the Bank of Thailand governor's work in supervising the monetary system and solving the problems of financial institutions and says the governor's performance has been relatively efficient. Regarding the Bank of Thailand governor's performance, Finance Minister Bodi Chunnanon said the governor has performed his assigned duties well in maintaining financial stability and the confidence of financial institutions, as well as in tackling inflation. The finance minister said, however, that more stringent financial measures will be implemented to suit the changed situation and best benefit the financial system.

The finance minister said: "I have no plan at this time to replace the Bank of Thailand governor, whom I want to continue overseeing the country's financial system. He has performed relatively well so far."

Bank of Thailand Governor Wichit Suphinit was recently the target of criticism over ineffectiveness in solving problems in a financial institution. Wichit's conduct was also questionable regarding his accepting the shares of a certain financial firm and having an overdraft account at the Bangkok Bank of Commerce. He was the first governor ever to be attacked over his conduct and performance in leaflets allegedly written by Bank of Thailand officials.

Thailand: Military 'Ready' To Step Up Pressure on Arms Deals

BK0806135996 Bangkok BANGKOK POST
in English 8 Jun 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha is expected to face intense pressure next week to reverse the decision to shelve large-scale military procurements.

Military leaders are to make clear their frustration at the government's refusal to accommodate their requests during talks on Tuesday, a source said .

Mr Banhan has shelved several orders, including that for diesel attack submarines citing the current account deficit which rose to 336,700 million baht last year.

During the talks, the armed forces commanders-in-chief plan to tell Mr Banhan their shopping list will not exacerbate the deficit since the purchases will be made with funds from their ordinary budgets.

Army Commander-in-Chief Gen Pramon Phalasin was said to be particularly unhappy with the decision and wanted Mr Banhan to explain why some orders were shelved while others that had not been on the list were approved.

Some senior officers had complained that the Army's requests for genuine needs were turned down and it was saddled with hardware of secondary importance.

Gen Pramon also wanted to impress upon Mr Banhan the need to allocate 1.2 billion baht to send 150 Scorpion tanks for repair in England because the bulk order would save a lot of money.

Repairs per unit would cost seven-eight million baht while a new tank would cost up to 45 million baht, the source said.

Gen Pramon was also upset by the decision to turn down the request for funds to build a dormitory at the chief of staff college and 61 transporters for M-60 A3 tanks.

"I may walk into the National Budget Bureau one day and bang on the table to get the budget approved," Gen Pramon was quoted as saying.

Mr Banhan can also expect a broadside from Navy Commander-in- Chief Adm Prachet Siridet over his decision to shelve an order for two Gotland-class submarines from Kockums of Sweden.

The Navy has been lobbying Defence Minister Chawwlit Yongchaiyut to convince Mr Banhan to change his mind.

Mr Banhan was understood to be reluctant to authorise the order for fear of reviving the allegations that Kockums bribed senior members of his Chart Thai Party to favour its vessels.

The Navy opted for Kockums after its procurement panel decided the Swedish vessels were the best value.

In a change to its proposal. The Navy has suggested it buy one submarine for 7.5 billion baht and shorten the repayment period from seven to four years.

Although the Air Force has signed an order for eight F/A18 fighter jets with AMRAAM missiles from the United States, it wants an assurance from Mr Banhan of government support for the acquisition of eight more.

Air Force Commander ACM M.R. [royal title] Siriphong Thongyai also wants government support to install a 300-million-baht command computer network.

The commanders are understood to have decided that a frank and direct approach will be.useful in settling the differences.

"The military is ready to explain and provide information to make Mr Banhan under stand that they know their needs best," said the source.

Gen Pramon was quoted as saying: "The Navy, for example, should have submarines because they are strategically necessary. Imagine the damage we'll suffer if someone blocks our shipping lanes and we can do nothing about it."

Thailand: Army Chief To Detail Budget to Prime Minister

BK1006070096 Bangkok BANGKOK POST
in English 10 Jun 96 p 7

[Unattributed report]

[FBIS Transcribed Text] Army Commander-in-Chief Gen. Pramon Phalasin said yesterday he did not expect anything much from tomorrow's meeting with Prime Minister Banhan Sinlapa-acha to discuss budget cuts for the Thai armed forces.

Gen. Pramon said Mr Banhan's meeting with the commanders-in-chief of the three armed forces as well as Supreme Commander Gen. Wirot Saengsanit was at least a further sign of good cooperation between the Government and the military.

Of the 14 military projects which have been shelved, Gen. Pramon said the Scorpion light tank maintenance project was of top priority.

He said he would push for a budget to repair 100 Scorpion light tanks because Thailand can get the job done in the UK at a reduced cost if it sealed the deal now.

Gen. Pramon said the British army was planning to repair 1,500 of its Scorpion tanks and had invited Thailand to have its tanks done at the same time as part of bulk deal which lowers the repair cost per unit.

"The Army's budget for this project has been cut. I will be straightforward in telling the Prime Minister how important this project is," he said.

He said he hoped after tomorrow's meeting, Mr Banhan would understand the urgency and importance of diverting funds for this project from the 1997 budget.

"But I do not expect anything much from the meeting with the Prime Minister," the Army Commander-in-Chief said.

"If the request is turned down the Army would not continue to pressure for it. We only want to explain our need. It's a matter of reasoning," Gen. Pramon said.

Commenting on the war of words among arms dealers in Bangkok for defense contracts, Gen. Pramon said the Supreme Command's procurement of French armed fighting vehicles for the Army was conducted with transparency.

Vietnam

SRV: Archaeological Findings Said To Bolster Spratlys Claim

BK1206133296 Hanoi Voice of Vietnam in English 1000 GMT 12 Jun 96

[FBIS Transcribed Text] The Archaeology Institute of the Vietnam National Center for Science and Humanities has held a workshop on Truong Sa or the Spratly Archipelago in the southern Central Highlands. The workshop was to publicize research undertaken by Vietnamese archaeologists from 1993 to 1995 on archaeological discoveries in the Truong Sa Archipelago and a number of other islands in the south as well as in the southern Central Highlands. The workshop held that initial outcomes of the research were very encouraging.

In his report delivered to the workshop, Professor Ha Van Tinh, director of the Archaeology Institute, said:

[Begin Ha Van Tinh recording in Vietnamese with superimposed English translation] Archaeological research in the Truong Sa Archipelago and on a number of islands in the south has produced unexpected results. The discoveries constitute vivid scientific evidence on the activities of both prehistoric and historic Vietnamese fishermen in the region. The discoveries also helped defend Vietnam's territorial sovereignty and sea territories in the region. The participants also made a number of recommendations on the organization, implementation, and financing for the continuation of this important research. [end recording]

Present at the workshop in Hanoi on Wednesday were Vice Prime Minister Nguyen Khanh, other government officials, and 100 scientists.

SRV: Vietsovpetro Fulfills 41 Percent of Yearly Plan

BK1006092396 Hanoi VNA in English 0628 GMT 10 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 10 — The Vietnam-Russia oil and gas joint venture [JV] enterprise, Vietsovpetro, has tapped 3,170 million tonnes of oil by June 6, accounting for 41 per cent of the yearly plan, according to the joint venture.

The enterprise has put eight more wells into operation, raising average output to around 22,000 tonnes of oil (about 150,000 barrels) per day, the highest capacity recorded to date.

Vietsovpetro has also applied advanced technology in exploitation while actively treating waste to protect the environment in the area.

Vietsovpetro discovered a new crude oil well with reserves estimated at 800 tonnes per full day in the Tam Dao sector of the Bach Ho oil field on Vietnam's continental shelf off Vung Tau recently. It has already made five oil discoveries in Tam Dao (1988), Ba Den (1989), Ba Vi (1989), Soi (1989) and Cam (1990) in the Cuu Long (Mekong River) basin.

The JV produced more than 6.7 million tonnes of crude oil last year while all other foreign companies pumped a total of nearly one million tonnes.

Currently Vietsovpetro is tapping oil from more than 100 wells located at the Bach Ho and Rong oil fields.

SRV Aims To Produce 30 Million Tonnes of Food Grain

BK0806092696 Hanoi VNA in English 1533 GMT 7 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 7 — Vietnam has become the third biggest rice exporter in the world after Thailand and the United States in recent years after being a chronic rice importer for many years.

The application of suitable technologies is largely attributed to this agricultural turn-around.

Different from farmers in industrialised countries who use large quantities of chemical fertilizer, Vietnamese farmers usually use as little as 80-100 kg of chemical fertilizers per hectare of land while organic manure is considered the main sources of nutrients for cultivated plants.

Although pesticides have become popular in Vietnam. Farmers in many localities prefer traditional and environmentally friendly methods such as spraying extracts of bitter leaves to get rid of harmful insects.

Despite the fact that machines, crop schedules, and ploughing depths in Vietnam have not yet reached standard levels, local farmers attain high cultivation productivity thanks to a large quantity of organic manure provided for the land.

In a development strategy for the country's agriculture, the use of organic manure and the application of traditional methods to fight diseases and harmful insects are highlighted while chemical fertilizers and insecticide are described as additional options.

Factors making contributions to the recent success of Vietnam's agricultural production include the application of hybrid strains, changes in crop structure and new techniques for livestock breeding.

Many new animal and plant strains have been successfully hybridized and cultured on a trial basis in Vietnam, such as cotton and silkworm strains, a pig strain with a high percentage of lean pork, and breeds of chickens for eggs and chickens for meat. New techniques have also been applied in raising lobster, pearl oysters, caged fish, turtles, and crocodiles.

The structure of cultivated plants has been changed in accordance with conditions in each area, forming specialized cultivation areas such as the coffee area in Darlak and the cashew area in Dong Nai.

Forest products have been exploited according to plan, and measures have been taken to protect and reproduce rare and valuable animals.

In 1989 Vietnam exported 1.4 million tonnes of rice for the first time and since then has annually exported about 1.7 million tonnes. In 1995 alone, its rice output reached nearly 28 million tonnes including 2.1 tonnes for export.

At present, Vietnam is continuing to modernise its agriculture, attaching importance to grain production, and considering the growth of food production as a precondition for other economic branches to develop. The draft political report to the 8th National Congress of the Communist Party of Vietnam notes the aim: "to develop agriculture, forestry and fisheries strongly and comprehensively towards large-scale commodity production in close combination with an ever-improving processing industry".

In order to ensure national food security in the immediate and longer-term future, Vietnam aims to produce 30 million tonnes of food grain (in paddy equivalent) by the year 2000, expand the areas of industrial crops and fruit trees, and develop animal husbandry into a main subsector, amounting to 30-35 percent of the total agricultural output value in 2000.

SRV: Vietnamese Tourism Scores Encouraging Achievements

BK0906155296 Hanoi VNA in English
1408 GMT 9 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 9 — Vietnam tourism has set out a specific goal to receive 3 to 4 million tourists from abroad and 11 million in the country by the year 2000, and this goal will be doubled by 2010, said Mr Bui Xuan Nhat, vice chairman of the Vietnam National Administration of Tourism, at the Cultural Exchange Club here on Friday.

Mr Nhat said that the number of foreign tourist arrivals coming into Vietnam increased on an annual average of approximately 40 percent during 1991-95. In 1990, some 250,000 arrivals recorded, but in 1994, the figure increased to 1 million. During 1995, there were 1.3 million foreign visitors to Vietnam, mainly from Taiwan, Japan, France, the United States, and Britain. Thus, the number of foreign visitor arrivals in 1995 was five times greater than that in 1990.

As the people's living standards start to improve increasingly, the number of domestic tourists is therefore rising fast as well. In 1990, there were only 1.5 million Vietnamese travelling within the country. This number increased to 5.5 million in 1995.

"In order to meet the growing demand of tourists," Nhat said, "the tourism industry in Vietnam has mobilized foreign and local resources, concentrating on quantity as well as quality, to develop tourist facilities. Regarding accommodations, things have been improving both in quantity and quality. According to a survey, in 1989, Vietnam had only 18,887 hotel rooms, few of which were of international standards and mostly in Ho Chi Minh City. By the end of 1995, there were 3,050 rest houses and hotels in the whole country, with more than 50,000 rooms, of which 26,000 were of international standards. From 1991 to 1995, the number of hotel rooms increased on an annual average of 30 percent. Joint ventures with foreign partners in the fields of hotel construction and tourism have contributed significantly to improving and strengthening the physical and technical bases of the tourism industry in Vietnam, especially in Ho Chi Minh City, Hanoi, and other big tourist centers. In the field of tourism, by the end of 1995, 160 projects have been granted investment licences capitalizing at over USD4 billion."

To date, Vietnam has signed 12 agreements on tourism cooperation with all Southeast Asian countries, China, France, Uzbekistan, and Israel, and it is prepared to enter into agreement with other countries. Vietnam tourism is member of WTO, PATA [Pacific Asia Travel Association], and many local tourist companies have joined PATA, JATA [expansion unknown], ASTA [American Society of Travel Agents] and have had business deals with 800 companies over 50 countries. The PATA Vietnam chapter has been established and attracted more than 70 members. There are considerable efforts that help in the regional and international integration process of Vietnam's tourism industry.

Mr Nhat attributed those initial but encouraging achievements to peace and stability within the country and in the region, favourable international conditions which all act as premises for the development of Vietnam tourism.

"The renovation and reform process in Vietnam has obtained significant and comprehensive achievements. A fast growing economy, political stability, and an open-door foreign policy in bilateral and multilateral relations have also facilitated the development of Vietnamese tourism."

Mr Nhat further noted that Vietnam has abundant human and natural resources which are diverse, original, and very attractive to tourists from the world outside and inside the country.

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